TCM Group

ANNUAL REPORT 2023

SVANE KØKKENET nettoline TVIS KØKKEN AUBO

TCM Group A/S, Skautrupvej 16, DK-Holstebro, Denmark, CVR Nr. 37291269

OUR PURPOSE

Our overall purpose is to create a better home life for everyone. Regardless of family constellation's, housing type and financial situation.

We want to be a contributor to our customer's everyday happiness, and we do so by working together across teams and organizations, always with the customer in focus.

We create better kitchen environments for the heart of your home

Svane Køkkenet
Snedker RAW
S12 Limited Edition
Front page photo

At Svane Køkkenet, we are driven by innovation. We are constantly challenging the established by curiously going new ways.

We rethink expressions and materials.

This is how we create modern living spaces that add tranquility, energy and luxury to everyday life.

AT A GLANCE

SVANE KØKKENET

Notes Gold

LETTER TO OUR SHAREHOLDERS

2023 proved to be just as volatile and challenging as we expected it to be. High inflation and increasing interest rates continued to decrease the demand for kitchens within both B2C* and B2B* across all our brands and markets.

Given the backdrop of a continued slowdown in the Danish housing market during 2023, with sales of properties down by more than 35% compared to 2021, it is not surprising that also the market for kitchens was hit hard in 2023. On that basis we consider the organic** decline in our core business in Denmark of -14% as in line with the market development. Even in a contracting market we continued to invest in improving the customer experience through introduction of new and innovative customer journeys, store refurbishments, and improved on-line experiences.

In 2023 TCM Group continued to benefit from our strong position in the B2B market, as B2C demand remained subdued especially in the first three quarters of the year. During this period the strong B2B pipeline supported the business.

Even in a contracting market we continued to invest in improving the customer experience.

The lower sales combined with high provisions for dealership restructurings had a significant adverse influence on the earnings in the TCM Group in 2023.

We launched new or updated product ranges in all brands during the year, each of them matching the distinct identity of each brand. Amongst others, Svane Køkkenet launched 17 contemporary colors available across 6 design series and Tvis Køkken launched the MG30 series.

In June 2023 we announced the acquisition of AUBO Production A/S. The strategic acquisition further strengthened TCM Group's foothold in Denmark and Norway in particular, adding 22 branded AUBO stores in Denmark and 55 shop-in-shops in Norway to the distribution network. The acquisition supports the Groups strategic goal to expand in Norway organically or through M&A activity as outlined since the IPO in 2017.

In connection with the acquisition of AUBO Production A/S we launched a directed share issue raising DKK 78.8 million in new equity. The share issue was fully subscribed for by existing shareholders, and we thank the shareholders for the strong support and confidence in TCM Group.

The integration of AUBO Production into the TCM Group has been executed as planned and has already provided tangible synergies to the Group, which are expected to increase in the coming years as the integration of the businesses increases. We would like to thank all the employees in both AUBO and TCM Group, who have been involved in the integration-process, for their commitment to prioritizing the interest of the combined businesses.

Despite the headwinds we opened two new stores during the year, one in Tvis Køkken and one in AUBO. Both stores are placed in key locations in Denmark and underlines our commitment to continued investments in the store network despite short-term economic headwinds.

We also continued our investments in production facilities and production equipment so that the business is well-positioned for growth once the kitchen market returns to normal. Investments in new production equipment is focused on equipment that provides increased flexibility, efficiency, and lower energy consumption. Digitalization is also a top priority with the aim to gain operational efficiencies and at the same time improve our collaboration with customers and partners. In 2023 we therefore completed a thorough analysis of our future requirements for a new ERP-platform, and we will start to build the new platform in 2024.

To reflect the lower demand, we during the year adjusted our production capacity, organization and cost-base and thus, once again, demonstrated our ability to protect the business against the headwinds. Considering these short-term headwinds, and to consolidate the business following the strategic acquisition of AUBO Production A/S, the Board of Directors has decided not to propose a distribution of an ordinary dividend for 2023.

During 2023 we continued the important work of reducing our CO2 emissions, and we are pleased to report that our Scope 1 and Scope 2 emissions have been reduced by 36% compared to 2022. This important work continues, and we are fully committed to achieve a CO2 neutral production by 2028 (scope 1 and 2).

For TCM, expectations for the development in 2024 are characterized by a high degree of uncertainty with regards to both the macro-economic development and the geopolitical situation. Market expectations are that inflation will continue to fall, and that short term interest rates will start to decline in 2024, which should support the Danish housing market and thereby the demand for kitchens, especially within B2C sales. However, the timing as to when and by how much short-term interest rates will fall remains highly uncertain, and in addition the present slowdown in B2B sales seem poised to continue well into 2024. In view of this TCM Group does not expect the kitchen market in neither Denmark nor Norway to make a speedy recovery in 2024.

Based on the above, the financial outlook for 2024 for the TCM Group contains fairly wide ranges both with respect to sales and earnings, in line with last year. Our financial outlook for full year revenue for 2024 is in the range of DKK 1,000-1,150 million with earnings (adjusted EBIT) in the range of DKK 55-85 million.

Finally, we would like to thank our employees and business partners for their dedicated efforts during a year with many challenges.

SANNA MARI SUVANTO-HARSAAE
Chairman

TORBEN PAULIN
CEO

* B2C comprise sales where the stores contract directly with the private end customers, B2B comprise sales where the stores contract with professional customers, e.g. house builders and project developers.
** Organic is excl. the impact of the acquistion of AUBO Production A/S

ABOUT TCM GROUP

TCM Group is Scandinavia's third largest kitchen manufacturer, with headquarter in Denmark and selling through approximately 220 stores across Scandinavia. The majority of our business is concentrated in Denmark with Norway being the primary export market. The product offering includes kitchens, bathroom furniture and storage solutions.

Manufacturing is to a large extent carried out in-house at four manufacturing sites located in Tvis and Aulum (in the western part of Denmark).

TCM Group pursues a multi-brand strategy, under which the main brand is Svane Køkkenet and the other brands are Tvis køkken, Nettoline, AUBO and private label. Combined, the brands cover the entire price spectrum. Products are mainly marketed through a network of franchise stores and independent kitchen retailers. Furthermore, TCM Group is supplier to the 45% owned e-commerce kitchen business Celebert, which operates under the brands kitchn.dk, billigskabe.dk, Celebert and Just Wood.

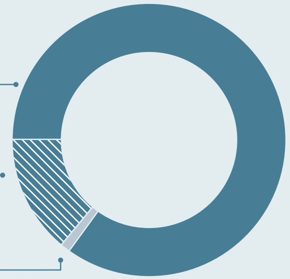
TCM Group is listed on Nasdaq Copenhagen.

REVENUE*, DKK

1,111 Mio.

(1,146)

REVENUE*



ADJUSTED EBIT MARGIN*

5.0 %

(9.0)

220

Stores across Scandinavia

	DENMARK	NORWAY	SWEDEN	ICELAND	FAROE ISLANDS
PRODUCTION	✓				
SVANE KØKKENET	✓	✓			
TVIS KØKKEN	✓	✓		✓	
nettoline	✓	✓	✓	✓	✓
AUBO	✓	✓		✓	✓
E-COMMERCE IN CELEBERT	✓	✓	✓		

* AUBO Production A/S is included in the consolidated figures as of 3 July 2023

KEY FIGURES AND RATIOS

DKK'000	2023*	2022	2021	2020	2019
INCOME STATEMENT					
Revenue	**1,111,346**	**1,146,052**	**1,108,274**	**1,024,588**	**1,006,942**
Gross profit	218,331	230,649	252,237	270,805	277,771
Earnings before interest. tax. depreciation and amortisation (EBITDA)	77,367	114,864	155,365	156,058	167,387
Adjusted EBITDA	85,271	121,342	154,674	161,058	174,399
Earnings before interest. tax and amortisation (EBITA)	52,272	96,913	139,707	142,277	154,118
Operating profit before non-recurring items (Adjusted EBIT)	**55,610**	**103,391**	**137,756**	**139,717**	**153,570**
Operating profit (EBIT)	**45,795**	**96,913**	**138,447**	**134,717**	**146,558**
Financial items	-20,897	-8,809	-3,262	-3,997	-4,201
Profit before tax	27,092	89,401	135,738	130,720	142,357
Net profit for the year	21,522	70,492	110,709	102,243	111,322
BALANCE SHEET					
Total assets	1,200,873	970,227	907,321	929,451	911,096
Net working capital	-16,009	-47,630	-81,649	-116,978	-108,868
Net interest-bearing debt (NIBD)	349,312	288,112	199,461	-42,873	51,702
Equity	529,653	420,629	419,691	574,373	472,744
CASH FLOW					
Operating cash flow before acquisitions of operations	39,954	39,478	44,462	101,048	132,326
Capex excl. acquisitions	21,621	22,696	29,168	30,993	14,996
Cash conversion, %	37.6%	53.3%	58.3%	85.8%	99.9%

* AUBO Production A/S is included in the consolidaded figures as of 3 July 2023 - see note 26.
Reference is made to description in note 1 Accounting policies.
Reference to definitions of Key figures and ratios - see page 66

DKK'000	2023*	2022	2021	2020	2019
GROWTH RATIOS					
Revenue growth, %	-3.0%	3.4%	8.2%	1.8%	11.9%
Gross profit growth, %	-5.3%	-8.6%	-6.9%	-2.5%	6.4%
Adjusted EBIT growth, %	-46.2%	-24.9%	-1.4%	-9.0%	9.6%
EBIT growth, %	-52.7%	-30.0%	2.8%	-8.1%	6.1%
Net profit growth, %	-69.5%	-36.3%	8.3%	-8.2%	7.3%
MARGINS					
Gross margin, %	19.6%	20.1%	22.8%	26.4%	27.6%
Adjusted EBITDA margin, %	7.7%	10.6%	14.0%	15.7%	17.3%
Adjusted EBIT margin, %	5.0%	9.0%	12.4%	13.6%	15.3%
EBIT margin, %	4.1%	8.5%	12.5%	13.1%	14.6%
OTHER RATIOS					
Solvency ratio, %	44.1%	43.4%	46.3%	61.8%	51.9%
Leverage ratio	4.08	2.35	1.33	-0.23	0.31
NWC ratio, %	-1.4%	-4.2%	-7.4%	-11.4%	-10.8%
Capex ratio excl. acquisitions, %	1.9%	2.0%	2.6%	3.0%	1.5%
SHARE INFORMATION					
Number of outstanding shares	10,438,638	9,067,294	9,174,073	10,000,000	10,000,000
Weighted average number of outstanding shares	9,767,408	9,074,847	9,584,933	10,000,000	10,000,000
Number of treasury shares	75,000	75,000	825,927	0	0
Earnings per share before dilution, DKK	2.20	7.77	11.55	10.22	11.13
Earnings per share after dilution, DKK	2.20	7.76	11.54	10.22	11.13

HOW WE CREATE VALUE

OUR BUSINESS MODEL

TCM Group is Scandinavia's third largest kitchen manufacturer, with headquarter in Denmark and selling through approximately 220 stores across Scandinavia, herof 110 branded stores.

Product development
All products are Danish design, rooted in a proud tradition of good quality and good craftmanship. TCM Group has in-house architects and a research and development center and rely on strong partnerships with external partners, designers and subject-matter experts.

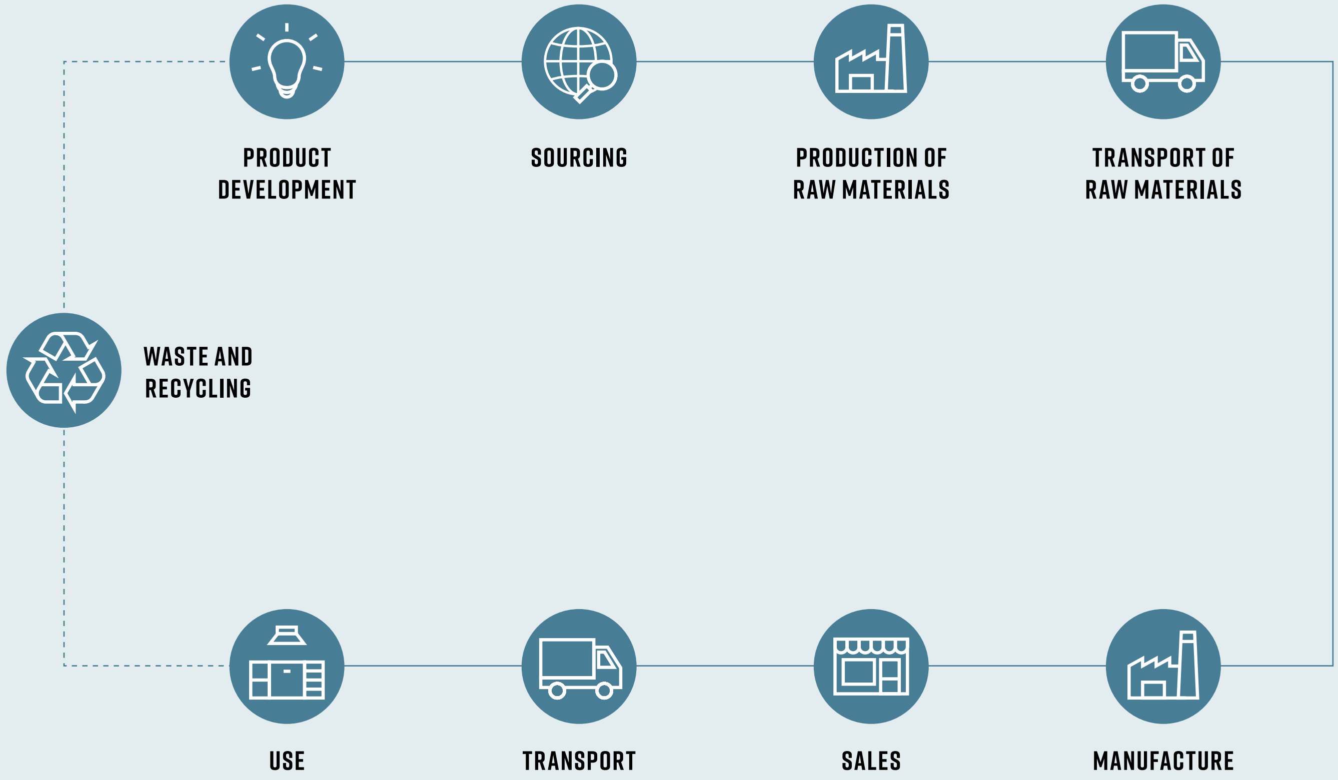
Sourcing and production
Manufacturing is to a large extent carried out in-house at our four manufacturing sites located in Denmark. Our focus is a local supply chain, and more than 90% of our direct materials are sourced in Europe.

Customer / Sales
We sell the main part of our products through approx. 110 branded stores across Scandinavia to thousands of different customers. Cooperation and working towards the common goal of providing excellent service to the consumers is the key to our success.

Transport
We rely on local distributers to ensure focus on end-to-end deliveries to the end-customer.

Consumers
We provide durable products that are built to last. It is our product strategy to ensure that the products that we offer, contribute to a healthy indoor environment and can be upgraded and renewed to extend their life. We work with circular design principles to ensure that once our products no longer can be used in their current form, they can recycled into new products.

OUR BUSINESS MODEL



Nettoline kitchens are made for everyday life. Our kitchens are created for the user – not the other way around.

Our kitchens are born out of the idea that functionality, design, and price are not opposites.

OUR BUSINESS

WE WILL BE THE CUSTOMERS' FIRST CHOICE OF KITCHENS

We create better kitchen environments for the heart of your home

STRATEGIC CHOICES	Aim for double-digit annual revenue growth	Agile and flexible supply chain	Responsibility for people, planet and products	Strengthen the value chain through continuous improvement	Friendly and professional customer service throughout the value chain
STRATEGIC INITIATIVES	Realize the potential in Norway	Create capacity through simplification	Develop competencies and resources	Quality in everything we do	New customer service concept

ENABLERS	Brand and product development	Increase digitalization	Invest in efficient production facilities	A proactive and result-oriented mindset

VALUES: Ambition – Team Spirit – Pride

STRATEGY AND FINANCIAL TARGETS

Even though we invest in growth, our target is to remain in the top tier of the kitchen industry with regards to profitability and cash flow.

STRATEGY
TCM Group's overall strategy is to aim for double-digit annual growth rates in the short- to mid-term. This means that we aim for growth in all brands, markets and channels. Even though we invest in growth, our target is to remain in the top tier of the kitchen industry with regards to profitability and cash flow. This will be achieved through investments and optimization in our production and supply chain setup. In addition to organic growth, the Group is monitoring the market for acquisition opportunities primarily in Scandinavia, which resulted in the acquisition of AUBO Production A/S in 2023. The acquisition supports our growth strategy in Norway, substantially improving the foothold in Norway , without creating a conflict with our distribution of Svane Køkkenet and Nettoline.

SVANE KØKKENET
The Svane Køkkenet branded store network is fully established in Denmark, however there is still room for growing market share, both within the B2C and the B2B segments. In recent years we have focused on the B2B segment with the ambition to gain further market share as a contributor to growth in revenue and earnings. Furthermore, the B2B segment has a different cycle compared to the B2C segment a.o. including a pipeline with a longer time horizon. During 2023 the strategy again proved to be right as we saw a slowdown in both the B2C and B2B segments, however the B2B pipeline build in 2022 supported the business, while the cost base was adjusted to the lower demand. To further strengthen the distribution network in the B2B segment, we have in cooperation with multi store franchisees, strengthened the B2B competences in the three biggest cities in Denmark in recent years.

For Svane Køkkenet in Norway, the mid-term target is to open another 6-8 stores, and thereby to bring the store network up to 18-20 stores. However due to the economic slowdown store openings were put on hold in 2023, and one store closed in late 2023. We will revisit the growth plans for Svane Køkkenet in Norway during 2024 in preparation for the expected recovery of the kitchen market.

TVIS KØKKEN
The Tvis Køkken brand has opened and relocated several stores in the past years, but there are still a few white spots in Denmark to be addressed. Market share and brand awareness is to be increased in line with the development of the store network. In 2023 we opened a new store in a key shopping area outside Copenhagen, and launched the MG30 line designed by Morten Georgsen.

AUBO
The AUBO brand is selling through single brand stores in Denmark and in Norway through dedicated shop-in-shops operated by the leading building materials distributor, Optimera. In Denmark one store opened in Southeast Jutland in 2023, and further openings are planned for 2024. In Norway focus is on increasing same store sale within both B2B and B2C as only a few white spots remain.

NETTOLINE
The Nettoline brand is selling through single brand stores in Denmark and multibrand stores in Norway. In both markets there are room for additional stores, which will grow the brand awareness and turnover. The cooperation with private labels clients will continue as seen in the recent years.

E-COMMERCE
The online activity with brands kitchn.dk, billigskabe.dk, Celebert and Just Wood is expected to continue to gain a greater share of the kitchen market in Denmark and Norway. At the same time we plan to continue the geographical expansion, starting with Germany in 2024.

GROUP
To extend the different positionings of our brands and being our customers' first choice for the heart of their homes, we will continue to develop new, exciting, and sustainable kitchen, bath and storage solutions, designs and functionalities.

To support the growth ambitions in all brands and markets, we continue to invest in flexibility at our four factories, while also supporting our long-term growth ambitions. We will invest in further digitalizing processes in the supply chain, in the administration and in the retail network, and thereby continuously improve and strengthen the entire value chain of our business.

In all we do, we are determined to do this as responsible as possible with regards to people, planet, and products. We refer to the separate ESG section for further elaboration of our strategic targets and initiatives.

FINANCIAL OUTLOOK 2024
For TCM Group, expectations for the development in 2024 are characterized by a high degree of uncertainty with regards to both the macro-economic development and the geopolitical situation. The effect this uncertainty will have on consumer confidence in general, and the demand for kitchens in particular is difficult to quantify.

Market expectations are that inflation will continue to fall, and that short term interest rates will start to decline in 2024, which should support the Danish housing market and thereby the demand for kitchens, especially within B2C sales. However, the timing as to when and by how much short-term interest rates will fall remains highly uncertain, and in addition the present slowdown in B2B sales seem poised to continue well into 2024. In view of this TCM Group does not expect the kitchen market in neither Denmark nor Norway to make a speedy recovery in 2024.

From 2024 TCM Group will change the classification of certain income types from Revenue to a reduction in Cost of Goods Sold. The change in classification will reduce the revenue in the range of DKK 20-25 million annually. Comparative figures in 2024 financial reports will be restated accordingly.

TCM Group estimates revenue for the financial year 2024 to be in the range
DKK 1,000-1,150 million

EBIT* is estimated to be in the range
DKK 55-85 million

*EBIT excluding non-recurring items

FORWARD LOOKING STATEMENTS
This report contains statements relating to the future, including statements regarding TCM Group's future operating results, financial position, cash flows, business strategy and plans for the future. The statements are based on management's reasonable expectations and forecasts at the time of the disclosure of the report. Any such statements are subject to risks and uncertainties, and a number of different factors, many of which are beyond TCM Group's control, could mean that actual performance and actual results will differ significantly from the expectations expressed in this annual report. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive matters, supplier issues and financial issues.

DANISH DESIGN AND DANISH PRODUCTION

BRANDED STORES

(branded stores include Svane Køkkenet, Tvis Køkken, AUBO and Danish Nettoline stores)

31 December 2023

110

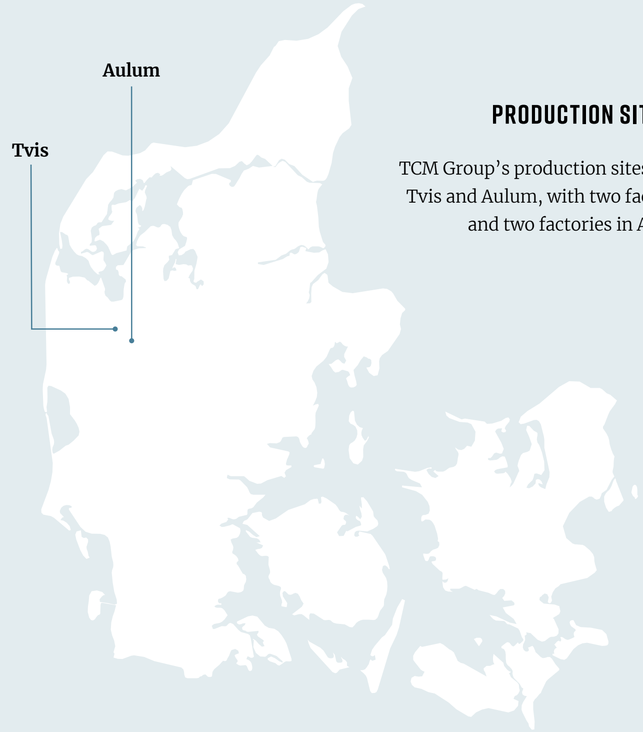
STORE OPENINGS

2023

Total store openings

2

0 Svane Køkkenet
1 Tvis Køkken
0 Nettoline
1 AUBO



PRODUCTION SITES

TCM Group's production sites are located in Tvis and Aulum, with two factories in Tvis and two factories in Aulum.

220
Stores across Scandinavia

SVANE KØKKENET
Denmark
Norway

TVIS KØKKEN
Denmark
Norway
Faroe Islands

E-COMMERCE IN CELEBERT

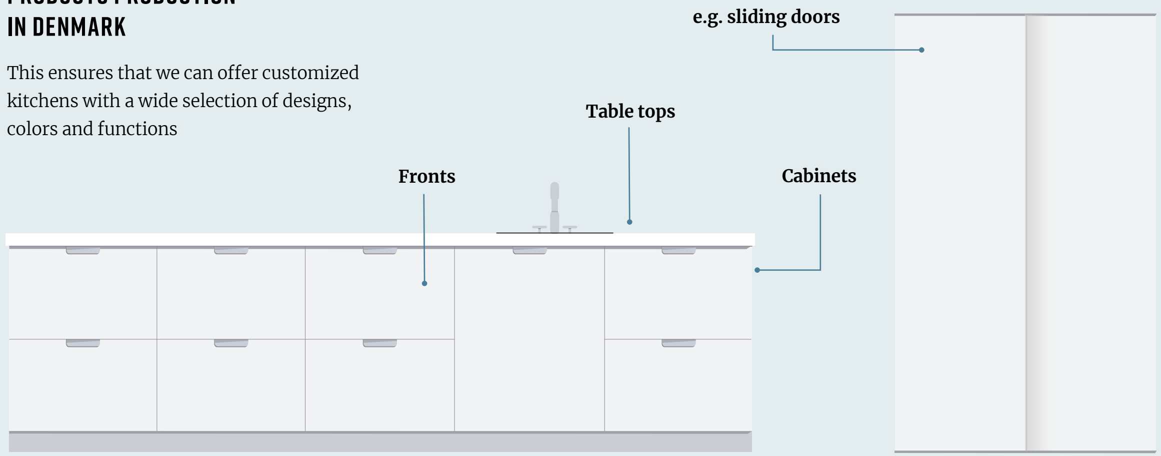
Denmark
Norway
Sweden
Germany

nettoline
Denmark
Norway
Sweden
Iceland
Faroe Islands

AUBO
Denmark
Norway
Iceland
Faroe Islands

PRODUCTS PRODUCTION IN DENMARK

This ensures that we can offer customized kitchens with a wide selection of designs, colors and functions



RISK MANAGEMENT

SVANE KØKKENET
RETRO

Risk management is an integral part of the management process at TCM Group. The objective is to limit uncertainties and risks with respect to the defined financial targets and strategic objectives for the Group

Management performs a yearly assessment of business risks. A follow-up process has been established with the purpose of describing and evaluating a variety of business risks within the Group and implementing procedures to ensure risk mitigation. This assessment is discussed and evaluated by the Board of Directors once a year.

Besides this yearly assessment, the Board of Directors and the Executive Management have a continuous dialogue regarding significant risks with potential material impact on the Group.

The risk management, including internal controls in the financial reporting process, is designed to effectively minimize the risk of errors and omissions in the financial reporting.

The Executive Management is responsible for ensuring that risks are continuously identified, evaluated and mitigated in order to reduce the economic impact and/or likelihood of risks being realized.

On the next pages are the main identified business and financial risks as well as comments on the actions undertaken within the individual areas.

ONGOING PROCESS

IDENTIFY
Risk map or catalogue
Classification of risk type

EVALUATION
Estimate the probability of occurrence
Assesment of risk impact

PLANNING

RISK MANAGEMENT
Risk response and reporting

BUSINESS RISKS

RISK AREA	DESCRIPTION	MANAGEMENT
MARKET RISKS	The Group is exposed to general macro economic trends and fluctuations. Specifically the development in the Danish and Norwegian housing market is an important factor for the Groups revenue and financial position.	The majority of the Groups products are made to order, which combined with a high degree of flexibility in the workforce, means that the Group can respond quickly changes in market demand.
REPUTATIONAL RISKS	The Group considers the Svane Køkkenet, Tvis Køkken, Nettoline and AUBO brands to be some of the most important assets of the business. The reputation of the Group's brands is important for the attractiveness and customer appeal. Accordingly, the Group's brand reputation is important for sustaining and growing the Group's revenue and profitability.	The Group monitors customer satisfaction at brand and store level, and takes appropriate action when there are deviations to the targeted levels. This combined with high standards quality and delivery performance is managements proactive means to protect the brand repuation. Brands, trademarks and releveant design rights are registered in the main markets in which the Groups products are sold.
CUSTOMER RISKS	The Group is exposed to risks of loosing customers, e.g. due to financial difficulties or due to preference for other brands.	The Group's customer risks relate primarily to the sales development of the stores, with sales being distributed through 110 Branded stores. The debtor risk related to the stores represents the main financial risk and is closely monitored to reduce risk of losses by primarily requiring appropriate collateral for current trading.
RAW MATERIAL PURCHASING RISKS	Access to sustainable sources of raw materials is crucial. The raw materials used by the Group include wood, steel, aluminium and plastics. Changes in costs for components (such as handles, worktops and hinges) and goods for resale (such as appliances) are mainly caused by changes in prices of raw materials and the competitive landscape. Disruptions to deliveries of raw materials and components may result in disruptions to deliveries of finished goods, which may in turn result in higher costs, lost income and dissatisfied customers.	The Group aims to have multiple suppliers in each raw material and component category in order to improve commercial terms as well as to ensure adequate supply. Efficiency improvements, changed product specifications and sales price increases are examples of measures to reduce the effect of rising costs for raw materials and components.
PRODUCTION RISKS	The Group is exposed to risks of not being able to fulfill customer orders e.g., due to fire, machine failure or lack of personnel.	Fire prevention is a management priority and is carried out in cooperation with our insurance company. We have our own maintenance department which in cooperation with external experts conduct the necessary machine maintenance and repairs. During 2023 we performed extensive maintance and upgrades to criticial production lines, extending the useful life by several years. Finally, we have a constructive cooperation with our production employees typically based on multi-year collective wage negotiation agreements.
RISK RELATED TO IT	The Group relies on IT systems in its day-to-day operations. Disruptions or faults in critical production systems have a direct negative impact. Errors in the handling of financial systems can affect the company's reporting of results.	The Group has its own IT system, which is regularly maintained and updated. IT security is a top Group priority. We work with external experts to achieve a level of security appropriate for the Group.
RISK RELATED TO POLLUTION AND OCCUPATIONAL HEALTH	Through the manufacturing activities at the Groups four production sites employees are exposed to working hazards, and waste from the production processes can contaminate the environment.	Optimizing occupational health conditions and preventing both internal and external contamination are important focus areas at TCM Group's production sites. The Group has a registration system for occupational accidents and near miss accidents focusing on the prevention of future incidents. An occupational health organization with participation from management and employee representatives is established and well functioning. The Group is insured against significant damage to property, plant and equipment and is in close dialogue with authorities and insurance companies with a view to further improving the mitigation of risks related to, inter alia, fire and pollution.

FINANCIAL RISKS

RISK AREA	DESCRIPTION	MANAGEMENT
LIQUIDITY RISKS	Liquidity risk pertains to the Group's ability to provide the necessary liquidity to secure a capital structure that supports long-term profitable growth.	The Board of Directors continuously assesses whether the Group's capital structure is in line with the interests of the Group and its stakeholders. The Group's financial risks are managed centrally as well as the Group's liquidity management, including cash requirement and placement of excess liquidity. It is Management's assessment that the current capital structure provides the necessary flexibility to accelerate and support the Group's future strategy.
CREDIT RISK	Credit risk pertains to losses owing due to The Group's customers or counterparties in financial contracts failing to fulfil their payment obligations.	The Group's customer base comprises professional customers. Credit management and payment terms are monitored for each customer group. The Group provides credit to franchisees and dealers, which are the Group's customers. Customers have generally short terms of payment, reducing the overall exposure. Credit assessments are continuously performed on customers who make regular purchases. Bank guarantees, credit insurance, and other collaterals are utilized for the different markets and customer categories.
CURRENCY RISKS	Transaction exposure occurs when sales and costs take place in different currencies. Exchange rate fluctuations may have an impact on the Group's earnings and valuation of assets.	The Group operates with a relatively low risk profile with regards to currency fluctuations. The Group does not purchase significant amounts of raw materials outside the eurozone. Invoicing of sales is charged in DKK and NOK. In terms of invoicing of sales in NOK, the Group apply a hedging strategy to limit the impact of currency fluctuations.
INTEREST RATE	The Group is exposed to a increase in the interest rate, which may have an impact on the Group's earnings.	The group manages interest rate risk by applying a mix of bank loans and mortgage loans. It is Group policy to fully or partially hedge interest rate risks on loans if the interest rate risk is material. An interest rate increase of 1% will have a negative impact on The Group's profit of c. DKK 2.9 million.

At AUBO, we cater to clients who appreciate kitchens at a level beyond the ordinary. We build our kitchens with an insistent West Jutland thoroughness with an attention to detail, which will last for everyday use for generations to come.

PERFORMANCE HIGHLIGHTS

AUBO

Bello

FINANCIAL & NON-FINANCIAL HIGHLIGHTS

FINANCIAL

REVENUE, DKK

1,111 Mio.

(1,146)

LEVERAGE RATIO (31 DECEMBER)

4.08

(2.35)

ADJUSTED EBIT, DKK

56 Mio.

(103)

NWC RATIO (31 DECEMBER)

-1.4 %

(-4.2)

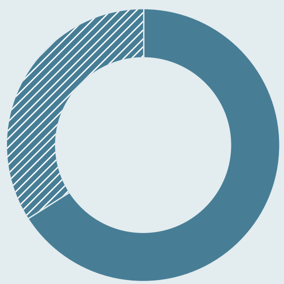
NON-FINANCIAL

AVERAGE NO. OF EMPLOYEES

445

(496)

Women **34%** (36)



Men **66%** (64)

CO2 EMISSION REDUCTION 2023* (SCOPE 1 AND 2)

36 %

Compared to 2022

COMMITED TO SBTI

SCIENCE BASED TARGETS

* CO_2 emission year 2023 includes Aubo Production, whereas CO_2 emission year 2022 is without Aubo Production

BUSINESS REVIEW

Reported revenue declined by 3.0% in 2023 to DKK 1,111 million (DKK 1,146 million). The organic growth (i.e. excluding the impact of the acquisition of AUBO Production A/S) in the core business was negative by 15.0% (revenue excluding 3rd party revenue).

Revenue in Denmark declined from DKK 1,032 million in 2022 to DKK 943 million corresponding to a decrease of 8.7%. The organic like-for-like decline in the core business in Denmark was 14.2% (excluding 3rd party revenue).

Revenue outside Denmark grew from DKK 114 million in 2022 to DKK 169 million corresponding to an increase of 48.6%. The growth was driven by the acquisition of AUBO Production A/S, as the growth in the existing TCM distribution in Norway was negative by 19%.

The number of branded stores increased to 110 during 2023, of which 21 were AUBO stores.

Reported revenue of DKK 1,111 million was slightly higher than the latest financial outlook of DKK 1,040-1,090 million. The increase in revenue compared to our latest expectations was due to a better than expected demand development in the kitchen market in Denmark in the latter half of the fourth quarter of 2024. The initial financial outlook for 2023, stated in the Annual report 2022, was DKK 950-1,050 million (excluding the effect from the acquisition of AUBO Production A/S announced in June 2023).

Within Svane Køkkenet in Denmark focus was on strengthening the retail network through changes in ownership structures. In Norway the Arendal store closed towards the end of the year. Within Tvis Køkken a new store opened in Lyngby, closing an important white spot on the retail map. As a result of the economic slowdown four smaller Danish Tvis Køkken stores closed during the year, while one store in the Nettoline network in Denmark closed. In AUBO a new store opened in Horsens in the southeast part of Jutland, Denmark.

The slowdown in the kitchen market during 2023 impacted both B2C and B2B sales, however the long-term strategic focus on B2B pursued by TCM Group for several years proved its worth, as the strong B2B pipeline build up during 2022 ensured that invoiced sales remained strong in the first half of 2023. Despite the change in sales mix, gross margin remained largely flat, supported by the full year effect of sales price increases implemented during 2022. Full year gross margin was 19.6% compared to 20.1% in 2022.

Adjusted EBIT ended at DKK 55.6 million compared to DKK 103.4 million in 2022 and the latest financial outlook in the range of DKK 40-50 million. The improvement in Adjusted EBIT compared to our latest expectations was due to the higher than expected sales in the fourth quarter of 2023. Initial financial outlook for 2023, stated in the Annual report 2022, was DKK 70-100 million (excluding AUBO Production A/S).

Innovation and development of new attractively designed products following the latest trends and customer demands plays an important role of the strategy of TCM Group. In 2023 TCM Group launched new products in all of the four brands, for example 17 contemporary colors across 6 design series in Svane Køkkenet, Trend in Nettoline, Bello in AUBO and the MG30 line in Tvis Køkken.

SVANE KØKKENET
Deco color

The average number of employees in 2023 was 445 compared to 496 in 2022. During the year the Group adjusted the workforce both in production and sales and administrative functions to mitigate the slowdown in demand. At the end of December 2023, the number of employees was 486.

The focus on sustainability and our ESG strategy continued in 2023. Among other achievements TCM Group delivered a significant reduction in the CO2 emissions of the Group (scope 1+2) of 36% compared to 2022. This was another step forward towards the ambition of TCM Group, which is to achieve a CO2 neutral production by 2028. To create full transparency regarding our products environmental impact, TCM Group in 2023 released third party approved and validated Environmental Product declarations (EPDs) for all laminate worktops produced by TCM Group and for the majority of kitchen products produced for and sold through brand Svane Køkkenet, Tvis Køkken and Nettoline. As the first kitchen manufacturer in Scandinavia the EPDs disclose data of all stages of the life cycle assessment. Please refer to the ESG section for further information.

TCM delivered a significant reduction in the CO2 emissions of the group (scope 1+2) of 36% compared to 2022

110

Branded stores at the end of 2023

FINANCIAL REVIEW

REVENUE

Revenue in 2023 was down by 3.0% to DKK 1,111.3 million (DKK 1,146.1 million)*, with an organic decline (i.e. excluding the impact of the acquisition of AUBO Production A/S) of 13.2%.

Revenue in the Core business decreased by 1.1%, with an organic decrease of 15.0%, while revenue from supply of 3rd party products decreased by 8.4%, organically -8.4%.

Revenue in Denmark was DKK 942.5 million (DKK 1,032.5 million). The organic like-for-like decline was 12.5%. Revenue in Norway was DKK 155.8 million (DKK 97.8 million), up 59.3% driven by the acquisition of AUBO Production A/S. The organic decline in revenue in Norway was 19.0%. Revenue from other countries was DKK 12.8 million against DKK 15.7 million last year.

GROSS PROFIT - GROSS MARGIN OF 19.6%

Gross profit in 2023 was 218.3 DKK million (DKK 230.6 million), corresponding to a gross margin of 19.6% (20.1%). During 2023, and in line with the second half of 2022, the share of lower margin B2B sales remained at historically high levels, as B2C demand remained subdued. Despite this change in sales mix, full year gross margin was largely flat, as the negative sales mix impact was largely offset by the impact of the sales price increases implemented in 2022.

OPERATING EXPENSES - COST RATIO 15.2%

Operating expenses in 2023 were DKK 169.1 million (DKK 131.1 million). The increase in operating expenses of DKK 38.0 million was primarily due to the acquisition of AUBO Production A/S, combined with higher realized losses and increased provisions for potential losses on trade receivables, DKK 14.8 million in total (DKK 3.5 million). Operating expenses amounted to 15.2% of revenue in 2023 against 11.4% in 2022.

ADJUSTED EBITDA - MARGIN OF 7.7%

Adjusted EBITDA in 2023 was DKK 85.3 million (DKK 121.3 million), corresponding to an EBITDA margin of 7.7% (10.6%). The decrease in Adjusted EBITDA margin was driven by a lower gross margin and higher operating expenses.

ADJUSTED EBIT - MARGIN OF 5.0%

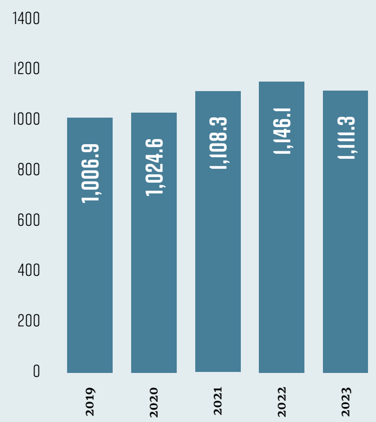
Adjusted EBIT in 2023 was DKK 55.6 million (DKK 103.4 million), corresponding to an adjusted EBIT margin of 5.0% (9.0%). The decrease in adjusted EBIT was driven by a lower gross margin and higher operating expenses. Depreciations and amortizations were DKK 31.2 million (DKK 18.0 million), of which DKK 7.6 million relates to the AUBO Production A/S acquisition.

NON-RECURRING ITEMS

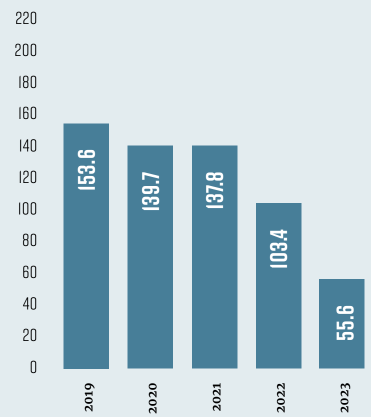
TCM Group presents non-recurring items separately to ensure comparability. Non-recurring items consist of income and expenses that are special and of a non-recurring nature. For 2023 non-recurring items consist of transaction costs related to the AUBO Production A/S acquisition, impairment of ERP Project in AUBO Production A/S, and restructuring costs related to organisational restructuring carried out during 2023. The non-recurring items are specified next page:

* Figures in brackets refer to the corresponding period in 2022.

REVENUE (DKKM)



ADJUSTED EBIT (DKKM)



REPORTED REVENUE GROWTH

-3.0%

ADJUSTED EBIT MARGIN

5.0%

NON-RECURRING ITEMS

Non-recurring items, DKK m	2023	2022
Transaction costs related to business combinations	2.8	0.0
Impairment of ERP Project, AUBO Production A/S	1.9	0.0
Restructuring	5.1	4.7
Costs related to Covid-19 and supply chain disruptions	0.0	5.4
Net gain from the Celebert/ kitchn.dk transaction	0.0	-3.5
Total	**9.8**	**6.5**

EBIT
EBIT for the financial year 2023 was DKK 45.8 million (DKK 96.9 million). The decrease in EBIT compared to 2022 was driven by a lower gross margin, higher operating excenses and non-recurring costs.

NET PROFIT
Net profit for the financial year 2023 was DKK 21.5 million (DKK 70.5 million).

FREE CASH FLOW EXCL. ACQUISITIONS OF OPERATIONS
Free cash flow excl. acquisitions of operations for 2023 was DKK 40.0 million against DKK 39.5 million in 2022. Free cash flow was negatively impacted by a lower operating profit, off set by a change in NWC of DKK 24.2 million compared to DKK -35.9 million in 2022.

Cash conversion in 2023 was 37.6% (53.3%).

NET WORKING CAPITAL - NWC RATIO -1.4%
Net working capital at the end of 2023 was DKK -16.0 million (DKK -47.6 million). NWC ratio at the end of 2023 was -1.4% (-4.2%). The higher net working capital compared to 2022 was mainly explained by the acquisition of AUBO Production A/S, which due to a different operating model in Norway, carries a higher amount of working capital.

The acquisition of AUBO Production A/S added inventories of DKK 29.7 million, hence the increase in inventories of DKK 11.8 million was fully driven by the acquisition. During the year inventories at all sites reduced as a result of the decision to decrease the stock of parts and raw materials after the supply situation in the market stabilized.

Trade receivables and other receivables increased by DKK 39.3 million, where the acquisition of AUBO Production A/S added receivables of DKK 47.0 million. Other receivables as of 31 December 2023 is excluding DKK 8.5 million to subleases accounted for according to IFRS 16. These sub-lease receiveables are not considered to be part of net working capital.

The operating liabilities increased by DKK 19.5 million, where the acquisition of AUBO Production A/S added operating liabilities of DKK 32.3 million. The extended credit for payroll taxes provided in the government's inflation support package increased operating liabilities by c. DKK 5 million as of 31 December 2023.

NET INTEREST-BEARING DEBT – LEVERAGE RATIO 4.08
Net interest-bearing debt amounted to DKK 349.3 million at the end of 2023 (DKK 288.1 million). The increase in net interest-bearing debt was due to the acquisition of AUBO Production A/S.

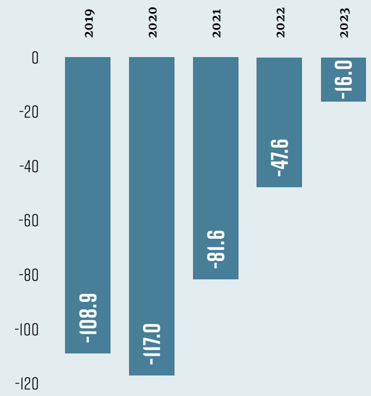
EQUITY - SOLVENCY RATIO 44.1%
Equity at the end of 2023 amounted to DKK 529.7 million (DKK 420.6 million). The equity increased by DKK 109.0 million since 1 January 2023 of which DKK 77.0 million was net proceeds from the issue of 1,221,419 new shares completed on 26 June 2023 and DKK 10.0 million from the issue of 149,925 new shares completed on 3 July 2023.

The solvency ratio was 44.1% at the end of 2023 (43.4%).

EVENTS AFTER THE BALANCE SHEET DATE
No subsequent events have occurred that materially affect TCM Group's financial position.

SVANE KØKKENET
Notes Platinum

NET WORKING CAPITAL (DKKM)



Equity at the end of 2023 amounted to DKK 529.7 million. The solvency ratio was 44.1% at the end of 2023.

NWC RATIO (%)	LEVERAGE RATIO
-1.4	4.08

Responsibility and sustainability have always been a part of the way we do business. Responsibility towards the environment, responsibility towards the customers and responsibility towards our employees and stakeholders.

ESG REVIEW

READERS' GUIDE

NON-FINANCIAL DISCLOSURE REQUIREMENTS AS PER THE DANISH FINANCIAL STATEMENT ACT.*

TOPIC	PAGE REFERENCE
Section 99A	
Business model	8
Content of policies for sustainability, systems and due diligence processes results and KPIs:	
Social performance/data	22, 83-84
A sustainabile worklife	23-24
Environmental performance/data	22, 81-82
We take responsibility	25
Supplier management & anticorruption	27
Section 99b and 107d	
Target figures for the management body	22, 31, 83, 85
Policy for promoting underrepresented gender and diversity at management level	24, 83
Section 99d	
Data ethics	31

* Covers TCM Group and all subsidiaries

SVANE KØKKENET

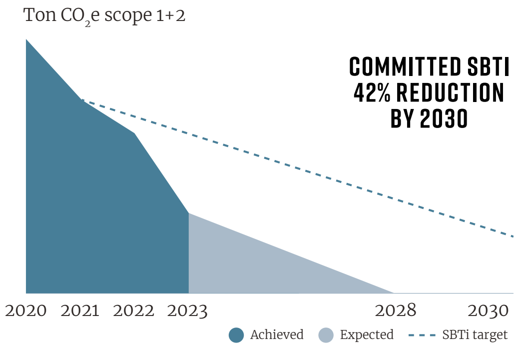
Infinity Sands

ESG REVIEW

ENVIRONMENTAL PERFORMANCE, AMBITION AND PROGRESS

EMISSION REDUCTION

TCM Group has defined year 2021 as our baseline year for measuring our progress in terms of reduction of emission. In 2023 TCM Group committed to emission reduction following the guidelines from the Science based Iniatives (SBTi) target of 1.5 degree. Direct greenhouse gas emissions (scope 1) and emissions related to purchased energy (scope 2) should be reduced by 42 per cent in absolute terms by 2030. Our target exceeds our commitment to SBTi as we want to a achieve zero emision scope 1 and 2 by 2028. For scope 3 it is our aim to establish a baseline during 2024 and set reduction target in alignment with SBTi guidelines during 2024.



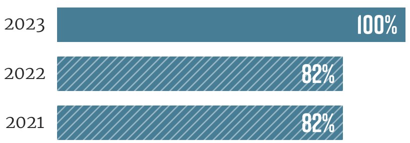
COMMITED TO SBTI

In 2023 TCM Group committed to SBTi and had its reduction target for scope 1 + 2 approved.

SCIENCE BASED TARGETS

ONLY RENEWABLE ELECTRICITY

In 2023 TCM Group was only using renewable electricity at our production site, and will continue to going forward.



RESPONSIBLE FORESTRY

TCM Group ambition is only to source 100% certified responsible forestry. In 2023 sourced certified responsible timber.

79 %

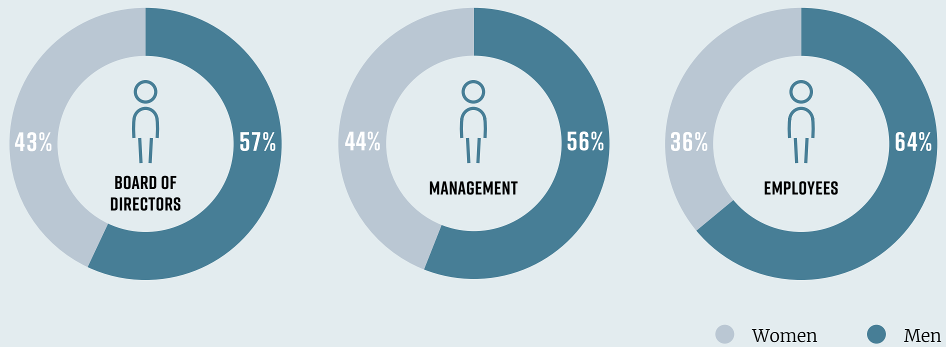
SOCIAL PERFORMANCE, AMBITION AND PROGRESS

GENDER EQUALITY

TCM Group has a target of representation of the underrepresented gender on the Board of Directors of at least 40% before 2026. As of 31 December 2023 this target is achieved.

DIVERSITY

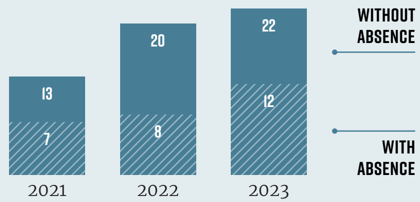
Our aim to secure a sensible balance in terms of gender in all level of our organization. Where the underrepresented gender makes up for at least 40%



TOWARDS ZERO ACCIDENTS

Our safety vision aims at having zero accidents.

Number of accidents:



ZERO ACCIDENTS 2025 TARGET

UN SUSTAINABLE DEVELOPMENT GOALS (SDG)

SGD, 5 Gender equality (target 5.5), 8. Decent work and economic growth (target 8.5 and 8.8), 12. Responsible consumption and production, 13. Climate action, 15. Life on Land.

*the emission and baseline has been adjusted in 2023 to include Aubo

ESG STRATEGY & APPROACH

Our ESG strategy sets the direction to embed sustainability ever deeper in the way we do business. A strategy that is guided by the UN Sustainable Development Goals and builds on our core values and brands - and integrating sustainability throughout our value chain from raw materials to after-sales and service. Our ESG strategy sets out transformative targets to drive decisions and actions within four areas of priority:

- Sustainable work
- We take responsibility
- New ways ahead
- Together we improve

These are the areas where we believe we have the greatest impact on sustainable development through our business activities. Our systematic approach to sustainability makes us capable of strengthening our relationships with all key stakeholders and supporting business growth while continuously mitigating negative impacts by continuous learning and improvement. TCM Group has been a signatory to the UN Global Compact for more than a decade and commit to the Ten Principles of the UN Global Compact on human rights, labor, environment, and anti-corruption.

SUSTAINABLE WORK

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

UN Global Compact principle 1, 2, 3, 4, 5, 6, 10

TCM Group's continued success relies on employing the most qualified people, and we are committed to ensuring a safe and healthy working environment, characterized by mutual trust and respect. We work actively to create sustainable work characterized by the following principles

- A safe and secure work environment that also enhances personal development.
- Flexibility to support a clear balance between work/private life, between individuals, teams, and organization.
- Diversity and social commitment.

HUMAN AND LABOR RIGHTS

Our signatory to the UN Global Compact more than a decade ago testify to our long track record of working with human and labor rights. The primary risk we face in connection to non-compliance of human and labor rights are discrimination of employees and cases where specific conditions at our suppliers do not comply with these principles.

Our Employee Handbook and Code of Conduct guide our employees and suppliers in terms of human and labor rights. Our focus is to have the right mechanisms, systems, and programs in place to ensure no violations and promote responsibility toward others. We meet Danish and international standards regarding human rights as well as laws regarding equality and offer fair and equal conditions in employment and working conditions, regardless of gender, ethnic origin, religion, and other personal circumstance.

Our whistleblower hotline and internal controls make up key instruments for controlling and reporting potential violations by employees and third parties. Furthermore, we conduct arbitrary supplier audits to monitor compliance with human and labor rights standards. Read more on our whistleblower hotline and supplier management in specific sections (page 27 and page 31).

SAFE WORKING ENVIRONMENTS

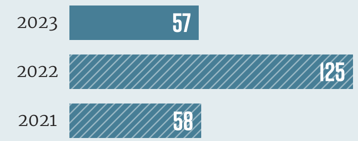
In TCM Group, we continually strive to provide the very best working environment. At our production sites, safety is our number one priority, and a lot of focus is on building and maintaining a safety culture to ensure that all our employees are safe while working. This means minimizing risks and enabling the best circumstances to provide a healthy and safe workplace for all our employees. Work safety has a great impact on employees and their families, as well as communities and the business.

In 2023, we have included Aubo Production in our work to secure safe working conditions and with focus on increased knowledge sharing across locations and a reinforced focus on behavior and safety culture based on zero accidents.

We monitor the occupational health and safety of our employees by measuring data on accidents, near-miss work accidents, as well as sickness absences. In 2023, we had a total of 22 accidents. 12 accidents have resulted in a total of 57 days of absence after the accident. The other ten accidents did not result in absence, but in some cases required the employee to perform a less strenuous job for a period after the accident. Even though the number of work-related accidents has increased in 2023, the number of abence related to accidents is significantly lower than the previous year. The accidents were primarily related to behavior, where employees in their eager to do a good job disregarded safety instructions. We use near-missed work accident report to ensure a contiues awareness of incidents that could lead to an accident, to share learnings and as a mean to take preventive actions. The number of near-miss reports is considerably higher in 2023 and we use this an an indication to the fact that our efforts has an positive effect. Nevertheless, we are determined

SICKDAYS AND ABSENCE

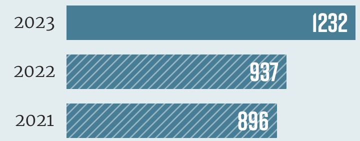
#sickdays caused by work accidents



3.21 % Absence ratio related to sickness in 2023

REPORTED NEAR MISS WORK ACCIDENTS

#of reported near miss work accidents in TCM Group



0.09 % Absence ratio related to work accidents in 2023 to eliminate work-related accidents, thus we will continue with even stronger focus on behavior and emphasize that no matter what, personal safety always come first. Safety will continue to be on top of the agenda in the year to come.

FOCUS ON ONGOING LEARNING

We strive to continuously upskill our employees, so the value of the individual employee increases and the employee skills remain relevant inside as well as outside of TCM Group. We use on the job training and through annual review we together with the employee make plans to support this. We believe that training has the best effect when it is available when it is most relevant for the individual and it can be applied in practice. Besides working with learning and training internally, our TCM Learning platform also covers the training of sales staff for our brands and kitchen installers.

TOLERANT WORKPLACE

We must take responsibility for training the next generation of qualified employees and give them the chance to learn relevant competencies and gain useful work experience. Throughout the year, TCM Group helps many people to gain practical work experience, all of whom for some reason need a helping hand to gain a foothold on the job market.

We work continuously with apprentices in TCM Group and in 2023 we had 12 apprentices in the Group. We have become more focused on hiring people with different backgrounds to our offices to reap the benefits of diversity. We are also committed to creating positions with reduced working hours, wherever it is practically possible, and we continuously offer citizens job clarification processes in close collaboration with the municipality.

A TALENTED AND DIVERSE WORKFORCE

At TCM Group we are convinced that a diverse and inclusive work environment will benefit our business and our society in general. At TCM Group, we recognize the differences between our employees. We believe that diverse teams, including management groups, have a better as well as more innovative collaboration leading to better decision-making that are encouraging inclusiveness and tolerance among employees.

In TCM Group, we work actively to be a responsible workplace that recruits, promotes, and develops employees based on the individual's competencies and support diversity. We thus aim for our recruitment, promotions, terms of employment, and any dismissals to be carried out without regard to gender, age, nationality, sexual orientation, physical ability, disability, political opinion, ethnicity, family status, religiosity, or other beliefs. We also aim to achieve an appropriate equal distribution of men and women in managerial positions. Our approach to promote diversity and inclusion is formulated and anchored in our diversity and inclusion policy. The policy is available on TCM Group homepage.

CASE: AUBO PRODUCTION - SOCIAL RESPONSIBILITY

At AUBO Production is almost 10 % of the employees employeed in positions with reduced working hours, in jobs that are designed specifically to the individual and their needs. This is not somehting new, but deeply rooted in the culture of AUBO. The key to this, is that they speak openly about the individual's limitations and allign expectations. AUBO Production know they have been a success when flexjobbers resigns -ready to take on new challenges outside the organization.

We constantly strive to ensure that every employee has the same opportunities, regardless of gender. As a result, we focus on equal terms and identify candidates of different genders when we hire new managers. We also seek to ensure a workforce composition consisting of a combination of both young and experienced employees.

We seek to promote diversity and achieve sensible gender diversity in both the Board of directors and the Executive Management and other management levels. TCM Group aims for a gender composition in the rest of management as well as in the total workforce, where the underrepresented gender makes up at least 40% in line with the objective for the composition of the board of directors (see governance section page 31).

The executive management consists of the CEO and CFO who are both male, but including second management level the underrepresented gender makes up for 44%. For the complete management group the underrepresented gender makes up for 31%. The current composition reflects the traditional gender distribution within manufacturing companies, where there is a predominance of male foremen in production, and at the administrative level, a slight predominance of female employees. During 2023 new competences from both gender has been added to the management group. Development towards a more equal gender distribution in other management levels will happen gradually in connection with organisation development and recruitment.We seek to meet of target by 2029.

COMPENSATION

At TCM Group it is our policy that equal jobs are rewarded with equal pay. Any difference in pay is solely based on qualifications and experience (please see page 83).

WE TAKE RESPONSIBILITY

UN Global Compact principles: 7, 8, 9

We take pride in the fact that all our products are both designed and produced in Denmark. Good craftsmanship is a focal point in our production in combination with quality and a high degree of innovation. We focus continuously on reducing our climate impact, and our production waste and increasing the recycling rate of our waste.

ENVIRONMENTAL SUSTAINABILITY AND EMISSIONS

It is TCM Group's ambition to achieve net zero direct and indirect emissions from sources owned or controlled by TCM Group (Scope 1 and Scope 2) by 2028. An important step towards this has been to enter into a contractual agreement ensuring that since January 1st 2023 our electricity consumption has been fully covered by renewable energy certificates from wind and solar power.

During 2023 AUBO Production became part of TCM Group. Having already gone through meny of the same steps as TCM Group towards reducing the CO2 emissions, the addition of AUBO only affected the Scope 1 emission of the Group.

APPROVED SBTI TARGET

Having already taken the first steps towards a reduced CO2 emission, we have in 2023 set a CO2 reduction target which has been approved by Science Based Targets initiative (SBTi).
We have set a target of reducing our scope 1 and scope 2 emission by 42% by 2030 from a 2021 baseline year. According to SBTi guidelines a company of TCM Group size must ensure min 42% reduction of scope 1 and 2 with baseline year 2021 by 2030 to be in alignment with the Paris agreement. Having our target approved by SBTi also means we have committed to start to map our scope 3 emissions which will be a main priority in 2024.

TCM Group has committed to ensure net zero Co2 emissions for scope 1 and 2 by 2028 and we continue our journey to meet this goal.

ELECTRICITY CONSUMPTION

In 2023 TCM Group has decreased its electricity consumption by 17%, this despite that AUBO Production has been included into TCM Group accounting for the full year of 2023. At AUBO Production we see an increase in electricity consumption, this is a result of a transition from heating systems based on natural gas to electric heating pumps. The direct savings are a result of investments made to increase energy efficiency and continuously actively promote how daily awareness and behavior can affect energy efficiency at our production facilities.

ELECTRIC COMPANY CARS

TCM Group operates a company vehicle fleet consisting of 28 mixed passenger vehicles and commercial vans. To reduce our impact, we have in 2023 taken the first fully electric vehicles into our fleet. The transition to electric cars will happen gradually and at a pace that follows the development of charging networks and regular replacements of vehicles.

WASTE

At TCM Group we have a constant focus on limiting waste in general. At our manufacturing sites is all waste sorted in material fractions, which allows us to ensure that waste is used with the highest possible resource value. Our wood fraction is returned to our chipboard supplier and together with wood from Danish recycling centers used for production of chipboards that then will be used by TCM Group in the production of new kitchens. Wood from our worktop production of useable size finds new use as serving trays or is delivered to wood workshops at local schools.

In the coming year TCM Group will continue its focus on waste management and waste reduction internally, with suppliers and engage in external partnership as TCM will participate in two different projects under Closing the Loops, value stream focused projects supported by The Danish Board of Business Development. While we have made good progress in raising the percentage of waste that goes to recycling in 2023, these external partnerships can become crucial to reach our aim of recycling 99.7 % (based on weight) of all material categories during 2025.

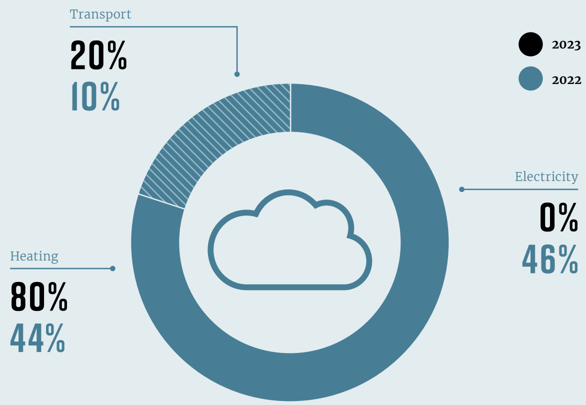
WATER MANAGEMENT

TCM Group uses very limited amounts of water for production. Water is primarily used for sanitation and heating purposes. Water used for production is used to support our painting processes; any wastewater in that respect is carefully separated and disposed of in the right manner.

CASE: WASTE MANAGEMENT

Through an intensive focus on waste management and the dedication our employees, the Nettoline factory has been able to not only to ensure an increase in the portion of waste that is recycled by 18.5% but at the same time they have been able to reduce the amount of waste with 111 ton.

DISTRIBUTION OF CO_2 EMISSION



The shift in the distribution of TCM Group Co2 emissions in 2023 is a result of only using renewable electricity.

NEW WAYS AHEAD

UN Global Compact principles: 12

Innovation and new ideas are essential for sustainability as it helps find solutions to the environmental and resource challenges that we face. Innovation and product development have always been a part of our DNA. To ensure the focus in our product development, we have included three focus areas in our current design and development process under the principle of New Ways Ahead.

EXTENDED LIFECYCLE

In TCM Group, the design, development, and production of high-quality products with high durability are always in focus. An important part of decreasing our climate impact and maximizing product value is extending the life of our products, their design, and their use. Aesthetics, however, also plays a crucial role in terms of retrofitting existing kitchens to continuously match current living and design standards. In 2023 we have continued our journey to ensure that kitchens produced by TCM Group can be upgraded and stay relevant.

Our brands are able to actively help customers upgrade their existing kitchens and they are not limited to only supporting kitchens sold through their own brands. We are beginning to see an increase in the demand from customers actively requesting this solution rather than replacing their entire kitchens.

CIRCULAR DESIGN

Circular design is important because it helps to create products and systems that are designed for sustainability. This involve designing products that are made from renewable or recycled materials, that are durable and easy to repair or refurbish, and products that can be reused, recycled, or repurposed at the end of their useful life. Circular design is one of pillars in our product development process, where we work with input materials, material processing and considering proper disassembly and possibilities in terms of recycling at a component level.

Our ambition is that in 2025 all our new designs will be 100% circular.

A HEALTHY INDOOR CLIMATE

When creating better kitchen environments for the heart of our customers' homes a healthy indoor climate is an important factor. We constantly strive to positively impact the indoor environment through e.g., research and development within surface treatment and new materials. We ensure valid and documented progress through third parties and external certifications. Newly acquired Aubo Production share the same vision and have a long track record of having all products in their product portfolio third party validated to ensure compliance to BREEAM requirements for sustainable buildings.

TRANSPARANCY

Transparency, valid data and certifications are all crucial instruments to improve the performance of our products.

In 2023, TCM Group took a big step towards increased transparency about our products as TCM published Environmental Product declaration (EPDs) for a majority of our product assortment for both kitchens and worktops covering all brands. As the first kitchen manufacturer we have disclosed all stages of the lifecycle. TCM will continue to develop EPDs to ensure even broader transparency of our assortment.

CASE: SVANE X QUBEZERO

Through 2023 Svane has engaged in a number of corporations in order to challenge how we traditionally think with kitchens. In June Svane kitchen model INFINITY was part of QubeZero, M2plus architecture and AQUNE's suggestion on how to redefine sustainable living presented at the UIA World Congress of Architects in Copenhagen.

QubeZero is a revolutionary tiny-home project that is set to challenge and inspire how to reduce impact from C02 emissions in buildings by combining upcycling and green technology without compromising on quality or design.

QUBWZERO BY AQUNE AND M2PLUS ARCHITECTCTS
Svane Køkkenet - Infinity

TOGETHER WE IMPROVE

UN Global Compact principles:
1, 2, 3, 4, 5, 6, 7, 8, 9, 10

Like with the impact of our activities, our responsibility and commitment do not stop at our gates. Thus, we work with ESG and sustainability across our value chain both upstream and downstream. Our largest environmental impact originates from the materials we source from suppliers and sub-suppliers. Therefore, close collaboration and partnership with suppliers and business partners are crucial to continuously move the needle in the right direction.

Transparency, valid data, and certifications are all instruments to improve the performance of ESG parameters across our value chain. Besides supplier management in general we focus on sustainable forestry, transport, and packaging.

RESPONSIBLE FORESTRY

The world continues to face an increasing number of complex and interconnected challenges, with the climate crisis and loss of biodiversity being the most critical. It is through climate change mitigation efforts and the use of responsible wood that we can have the greatest impact on biodiversity in TCM Group. TCM Group's work with certified wood goes a long way back and the Group has been FSC® certified since 2010 for the vast majority of the product assortment. However, as wood is the primary material category of input to our production, it is very important to us to exclusively use wood from certified responsible sources, in addition to using a high level of recycled material.

Aubo Production is not FSC® certified but it is our ambition to ensure that also Aubo Production transitions into only using responsible certified timber, starting in 2024.

TRANSPORT

Inbound and outbound transportation across our value chain is another focus area in terms of reducing CO_2 -emissions. All our transport providers have as a minimum requirement signed our code of conduct.

TCM has comitted to Science based target intiative and initiated a comprehensive scope 3 analysis covering relevant needs and possibilities before both launching specific initiatives and maturing our future scope 3 path and ambition. No later than 2025 we will report on our scope 3 ambition and progress.

PACKAGING MATERIAL

Our target on the packaging is that all material is recyclable during 2024. A goal that will be achieved by phasing out polystyrene in our product packaging.

Another focus is the "right" packaging volume. Here the target is to hit the right balance between reducing the amount of packaging without risking that products become damaged during transport.

In collaboration with our packaging suppliers, we expect to identify further areas for optimizing material choice as well as identifying the ideal volumes applied and thereby reduce total volumes of packaging material to be used.

SUPPLIER MANAGEMENT

Our responsible sourcing practices are focused on environmental, social, and governance issues across our value chain. TCM Group is committed to respect human rights as outlined in the United Nations Universal Declaration of Human Rights and the UN Global Compact. The backbone of our work with suppliers on ESG matters is our Code of Conduct.

The total share of TCM Group's purchasing, covered by our Code-of-Conduct was 82% in 2023 which also covers all suppliers from non-EU countries. TCM Group suppliers are primarily located in Europe and a majority of these are located relatively close to our production sites in Tvis and Aulum. In 2023, 92% of materials directly used in our production was made in Europe, of which 54% originated from Denmark or our neighbouring countries (DK, DE, SE).

The inclusion of AUBO Production to TCM Group in 2023 has started a process of mapping and optimizing the shared range of suppliers. We do this to make sure we reap the synergies that come from combining the knowledge of two companies with so many similarities. This is also the beginning of a process towards a more structured approach to supplier management.

In 2024 we plan to start rating our suppliers in view of our ESG strategy. Work in 2024 will primarily be building the framework rating the suppliers on their fit with and contribution towards our ESG related targets and start evaluating the first suppliers.

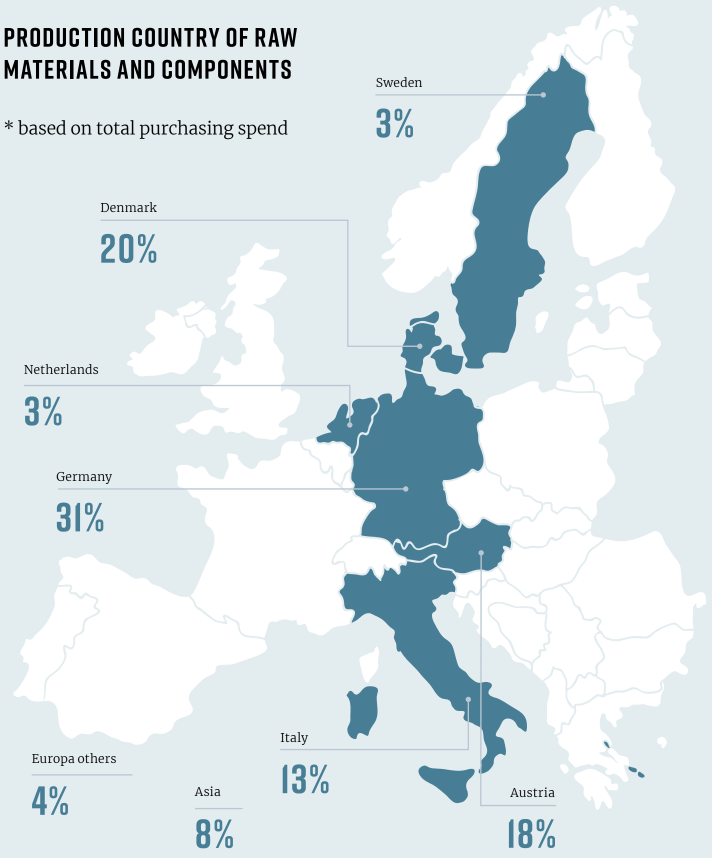
ANTI-CORRUPTION

TCM Group is exposed to the risk of non-compliance with anti-corruption rules and regulations for example by obtaining an advantage with illegal means, via our employees, suppliers, franchisees and dealers. In TCM Group we have a zero-tolerance approach to corruption and bribery. Thus, our policy is to comply with all applicable regulations and to promote anti-corruption behavior in all our business relations. Our Code of Conduct lay out our zero-tolerance approach to corruption for employees, suppliers, franchisees, and dealers. Besides having firm values and a strong culture we conduct internal controls and make our whistleblower hotline available to detect breaches. There have been no incidents violating the anticorruption policy in 2023. In 2024 we will continue our work with promoting anti-corruption in all our business relations.

92% *of all production of direct materials and components to our production is made in Europe.*

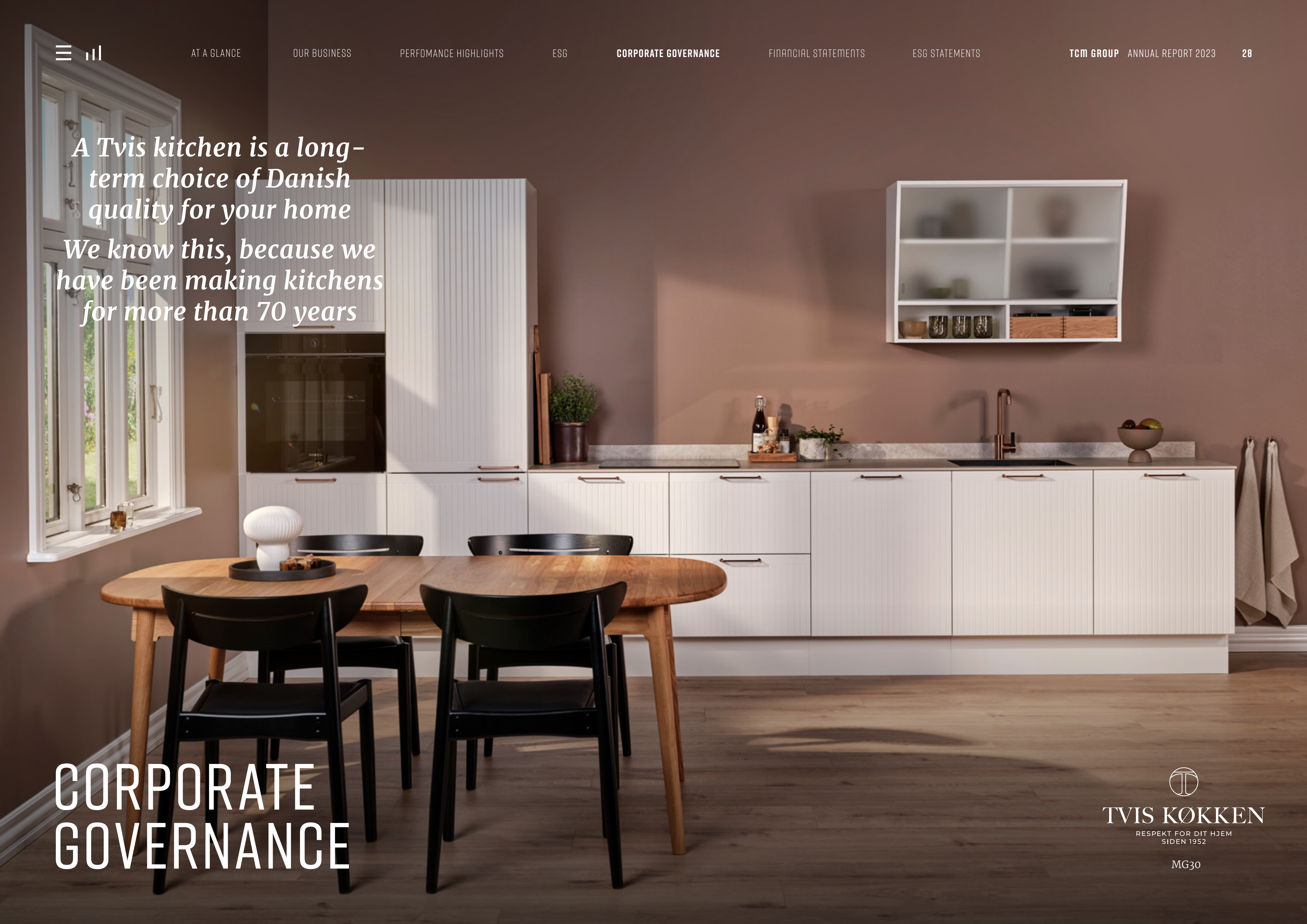
PRODUCTION COUNTRY OF RAW MATERIALS AND COMPONENTS

* based on total purchasing spend



A Tvis kitchen is a long-term choice of Danish quality for your home

We know this, because we have been making kitchens for more than 70 years



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

TCM Group is committed to exercising good corporate governance, and the Board of Directors therefore evaluates the Group's management systems at least once a year to ensure that the structure is appropriate relative to the Group's shareholders and other stakeholders.

DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

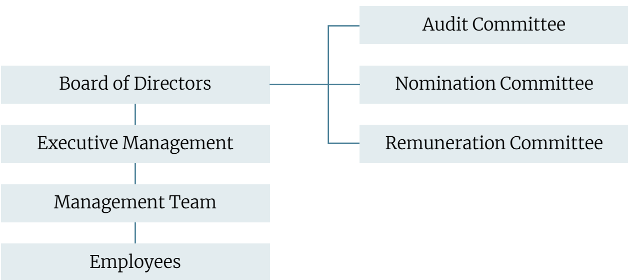
At TCM Group, management duties and responsibilities are divided between the company's Board of Directors and Executive Management. No one person is a member of both these bodies, and no member of the Board of Directors has previously been a member of the Executive Management. TCM Group has laid down rules of procedure for the Board of Directors, which are reviewed annually.

The Board of Directors holds 9 ordinary meetings each year and will further convene as needed. In the financial year 2023, 15 board meetings were held.

The Group's Executive Management is in charge of the day-to-day management, while the Board of Directors supervises the work of the Executive Management and is responsible for the overall management and strategic direction. In relation hereto, every year the Board of Directors considers the group's overall strategy in order to ensure continuous value creation. The requirements for the Executive Management's timely, accurate and adequate reporting to the Board of Directors and for the communication between these two corporate bodies are laid down in the rules of procedure of the Executive Management, which are reviewed annually and approved by the Board of Directors.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors currently consists of seven members elected at the general meeting and has elected a Chairman and a Deputy Chairman. The members of the Board of Directors are a group of professionally experienced businesspeople who also represent diversity, international experience and skills that are considered to be relevant to TCM Group. All members, but one, of the Board of Directors elected by the shareholders are regarded as independent.
The Board of Directors determines once a year the qualifications, experience and skills the Board of Directors must possess in order for the Board of Directors to best perform its tasks, taking into account the Group's current needs. The Board of Directors evaluates its work on an annual basis. All Board Members are up for election at each Annual General Meeting.



AUDIT COMMITTEE

The Board of Directors has set up an Audit Committee. The Chairman of the Audit Committee is independent and is skilled in accounting. The purpose of the Audit Committee includes monitoring the financial reporting process, the company's internal control and risk management systems and the collaboration with the independent auditors. The Audit Committee consists currently of 2 members, Sanna Suvanto-Harsaae and Anders Skole-Sørensen, and is led by Anders Skole-Sørensen. The Audit Committee held 7 meetings in the financial year 2023.

NOMINATION COMMITTEE

The Board of Directors has set up a Nomination Committee comprising at least two members of the Board of Directors, where at least one is also a member of the Remuneration Committee. The Chairman of the Board of Directors is also the Chaiman of the Nomination Committee. The overall purpose of the Nomination Committee is to help the Board of Directors ensure that appropriate plans and processes are in place for the nomination of candidates to the Board of Directors and the Executive Management. The Nomination Committee currently consists of 3 members, Sanna Suvanto-Harsaae, Anders Skole-Sørensen and Carsten Bjerg, and is led by Sanna Suvanto-Harsaae. The Nomination Committee held 5 meetings in the financial year 2023.

REMUNERATION COMMITTEE

The Board of Directors has set up a Remuneration Committee comprising at least two members of the Board of Directors. The purpose of the Remuneration Committee is to ensure that the

CORPORATE GOVERNANCE RECOMMENDATIONS

Nasdaq Copenhagen has incorporated the recommendations of the Danish Committee on Corporate Governance in its Rules for Issuers of Shares.

These recommendations are available at the website of the Committee on Corporate Governance, www.corporategovernance.dk.

TCM Group complies with all these recommendations.

The Group's corporate governance statements are available on our website at

investor-en.tcmgroup.dk/CorporateGovernance

15

Board meetings in 2023

Group maintains a remuneration policy for the members of the Board of Directors and the Executive Management as well as general guidelines for incentive pay to the Executive Management. The Remuneration Committee consists currently of 3 members, Sanna Suvanto-Harsaae, Anders Skole-Sørensen and Carsten Bjerg, and is led by Sanna Suvanto-Harsaae. The Remuneration Committee held 5 meetings in the financial year 2023.

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

The Board of Directors has adopted a remuneration policy and general guidelines for incentive pay, which have been approved by the general meeting. Both policies are available at governance-en.tcmgroup.dk. The remuneration policy supports the goal of attracting, motivating and retaining qualified members of the Board of Directors and the Executive Management. The remuneration is designed to align the interests of the Board of Directors, the Executive Management and the company's shareholders, to support the achievement of TCM Group's short-term and long-term strategic targets and stimulate value creation. Reference is made to note 5 in the consolidated financial statements for a specification of the remuneration paid to the Executive Management and the Board of Directors.

DESCRIPTION OF PROCEDURES AND INTERNAL CONTROL IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Board of Directors and the Executive Management are ultimately responsible for the Group's risk management and internal controls in relation to its financial reporting and approve the Group's general policies in this regard. The Audit Committee assists the Board of Directors in overseeing the reporting process and the most important risks. The Executive Management is responsible for the effectiveness of the internal controls and risk management and for the implementation of such controls aimed at mitigating the risk associated with the financial reporting.

The Company believes that the Group's reporting and internal control systems enable it to be compliant with disclosure obligations applying to issuers whose shares are admitted to trading and official listing on Nasdaq Copenhagen.

As part of the overall risk management, the Group has set up internal control systems, that are deemed appropriate and sufficient in relation to the Group's activities and operations. The internal control systems are evaluated on an ongoing basis.

The Group's procedures and internal controls are planned and executed to ensure a reasonable level of comfort that the financial reporting is reliable and in compliance with internal policies and gives a true and fair view of the Group's financial performance, the financial position and material risks. The procedures and controls are furthermore planned with a view to support the quality and efficiency of the Group's business processes and the safeguarding of the Group's assets. The evaluation of the risks includes an assessment of the likelihood that an error will occur and whether the financial impact of such error would be material.

In addition to the above, the Group has developed internal control and procedures in relation to the financial reporting process with the aim to enable the Group to monitor the Group's performance, operations, funding, risk and internal control. The Group continues to improve the internal control and procedures in relation to the financial reporting process and believes, that the current control and procedure in place enables the Group to be compliant with the disclosure obligations applying to issuers of shares on Nasdaq Copenhagen. The internal controls and procedures in relation to the financial reporting process include, among other things:

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- Weekly reports of incoming orders and gross and net revenue by month;
- Monthly revenue reports, on a per store basis, of the Group's sales to stores;
- Consolidated monthly reports summarising results for legal entities including balance sheet and cash flow results in comparison to budgeted performance and previous year performance and explanations of deviations, together with key performance indicators;
- Four-eye principle within the finance department to ensure the quality of the accounting records;
- The majority of all invoices received go through a standardised authorisation process. In addition, a detailed review of cost on account level is made in connection with the monthly reports.

ORGANIZING ESG

To ensure a steady progress on our ambitions and targets and to maintain and develop ESG as an integrated part of our way of doing business, TCM Group has an ESG Steering Committee that is organized around our strategic focus areas and with the involvement of the relevant stakeholders. It consists of the CFO, Head of Product Management, Head of Supply, and Head of HR. The ESG steering committee cover issues such as sustainability risks, and opportunities, as well as recommendations for further improvements, and convenes every second month. The ESG-manager is responsible for strategy deployment as well as identifying and pursuing further strategic opportunities. Cross functional teams from the line of business support the daily operations and ensure progress in each of the strategic focus areas.

DIVERSITY POLICY

TCM have formulated a diversity and inclusion policy that is available at TCM Group hompage. Please refer to page 24 for the nature of the policy. The policy is available on TCM Group homepage.

GENDER DIVERSITY ON THE BOARD OF DIRECTORS AND AMONG OTHER EXECUTIVES

When composing the members elected by the general meeting, TCM Group focuses on diversity as well as on the members' skills and experience. We aim for an equal gender composition, which also reflects essential competencies within TCM Group's focus areas.

To ensure that the group's board is composed of the right profiles and skills, TCM Group has defined a target for the board's gender and status as an independent. The Group wants a board where both gender are represented. We believe this can create the basis for the best debates and add different perspectives and input to how we run and develop the business and approach challenges.

For the board elected by the general meeting, TCM Group is aiming for a representation of the underrepresented gender of at least 40%. With a distribution of 3 women and 4 men of the 7 members elected by the general meeting in 2023, TCM Group meets our target and according to the Danish Business Authority's definition, now have an equal gender distribution on the board.

INCENTIVE PAY

The long-term incentive program for TCM Group's executive management holds ESG performance-related criteria.

TAX RESIDENCE

TCM Group A/S operates in Denmark and Norway, is listed on the Copenhagen Stock Exchange (Nasdaq Small Cap Copenhagen) and pays taxes locally in Denmark and Norway. In 2023 coporate tax in TCM Group amounted to 7.2 mio. kr. 99.3% in Denmark and 0.7% in Norway. Our tax policy is available at the TCM Group homepage.

DATA ETHICS POLICY

TCM Group collects data to ensure delivery of products and services within kitchen, bathroom and storage, and to service customers best in case of quality complaints or inquiries regarding information on specific orders. TCM Group primarily uses the collected data in connection with order processing, i.e. order confirmation and delivery, and in any follow-up complaints or inquiries. Data in the daily work and storage of data is operationalized and systematized via internal procedures and policies across the entire TCM Group. The overall responsibility for decisions, application and implementation of new technologies as well as the use of non-personally identifiable and personally identifiable data is anchored in TCM Group's executive management.

EU CORPORATE SUSTAINABLE REPORTING DIRECTIVE AND EU TAXONOMY

The corporate sustainability reporting directive(2022/2464/EU), also known as CSRD came into force the 15. January 2023. As TCM Group is a listed company with less than 500 full time employees in average, TCM does not fulfill the requirement of entities in scope of the Regulation before financial year 2025.

TCM Group has started preparing to ensure compliance towards the CSRD. First step is a double materiality assessment that was initiated in 2023. This involves consideration of the outside-in ESG impact on TCM Group´s business, as well as the inside-out impact of TCM Group on its surroundings. The double materiality assessment will be concluded in 2024 as part of the preparations for implementation of the EU Corporate Sustainability Reporting Directive (CSRD).

The coming two years will serve as preparation and practice in terms of meeting the CSRD requirements with an ongoing focus on data collection, data quality and data control. Our goal is to drive constant improvement and track progress, as an integral part of our ESG management system. We will focus on KPIs that will be reported on an annual basis and undergo independent limited assurance.

In 2021 TCM Group reported on EU Taxonomy eligible turnover, OpEx and CapEx as required by the EU Regulation (EU 2020/852, article 8, the "EU Taxonomy"). The EU regulation applies to listed companies with more than 500 employees. In 2022 and 2023 TCM Group had less than 500 full time employees in average and is therefore not in scope of the Regulation. TCM Group will resume Taxonomy reporting by 2025 or before 2025 if TCM Group falls within the reporting requirements according to the Corporate Sustainability Reporting Directive (CSRD). TCM Group will continue to develop and optimize internal processes to ensure alignment to EU Taxonomy.

DATA PROTECTION POLICY

In connection with TCM Group's delivery of products and services within kitchen, bathroom and storage, TCM Group collects relevant data. Our policy regarding data protection and confidentiality is available on TCM Group homepage.

WHISTLEBLOWER SYSTEM

TCM Group whistleblower system is available for internal and external reporting of any witnessed activities or reasonable suspicion of serious and reprehensible conditions or illegalities to the group. All internal and external stakeholders can access the whistleblower system through an externally hosted website. The system is anonymous, and all communication is encrypted, which means that TCM Group is not able to trace any specific whistleblower report back to the reporting individual. TCM Group has a non-retaliation policy regarding any concerns reported.

TCM Group Whistleblower system can be accessed here.

The system is available in a number of local languages to make sure that it is possible for everyone who may have concerns to report in their local languages. Internally the reporting platform has been promoted to make sure that employees at TCM Group know that there is an anonymous platform available.

0 In 2023 there has been no reported cases

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

BOARD OF DIRECTORS

SANNA MARI SUVANTO-HARSAAE

Chairman of the company

Danish and Finnish nationality.
Born in 1966.

Chairman of Nomination Committee and Remuneration Committee and member of Audit Committee.
Independent.
Member since: 2016
Participated in 15 of 15 board meetings in 2023.
Number of shares end 2023: 20,711 (2022:19,781)

Sanna Mari Suvanto-Harsaae holds a Bachelor of Science from Lund University.

Other positions:
Sanna Mari Suvanto-Harsaae is member of the executive management of Rakaas ApS and chairman of the board of Nordic Pet Care Group A/S, BoConcept A/S, Orthex Oyj, Posti Oy, and Finnair Oyj. She is also member of the board of directors of Elopak AS, Broman Group Oyj and CEPOS.

CARSTEN BJERG

Board member

Danish nationality.
Born in 1959.

Member of Nomination Committee and Remuneration Committee.
Independent.
Member since: 2018
Participated in 15 of 15 board meetings in 2023.
Number of shares end 2023: 7,092 (2022: 2,441)

Carsten Bjerg holds a Bachelor in Production Engineering from the Technical University of Denmark.

Other positions:
Carsten Bjerg is deputy chairman of the board of directors of COWI Holding A/S, and Aarhus University and chairman of the board of directors of Guldager A/S, Robco Engineering A/S, Hydrema A/S, Bogballe A/S, Dansk Smede- og Maskinteknik A/S, Epoke A/S, Bredal A/S, Agrometer A/S and Bredal Industri Lakering A/S.

ANDERS SKOLE-SØRENSEN

Deputy Chairman

Danish nationality.
Born in 1962.

Chairman of Audit Committee and member of Nomination Committee and Remuneration Committee.
Independent.
Member since: 2017
Participated in 15 of 15 board meetings in 2023.
Number of shares end 2023: 10,153 (2022: 10,153)

Anders Skole-Sørensen holds a MSc econ. from the University of Copenhagen.

Other positions:
Anders Skole-Sørensen is a member of the board of directors in F. Uhrenholt Holding A/S.

SØREN MYGIND ESKILDSEN

Board member

Danish nationality.
Born in 1972.

Independent.
Member since: 2018
Participated in 13 of 15 board meetings in 2023.
Number of shares end 2023: 6,950 (2022: 3,850)

Søren Mygind Eskildsen holds a Bachelor of Engineering and MBA from the Southern University of Denmark.

Other positions:
Søren Mygind Eskildsen is CEO of Louis Poulsen A/S and Audo A/S.

Søren Mygind Eskildsen is chairman of board of directors of Ege Carpets A/S and member of the board of directors of Gabriel A/S.

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BOARD OF DIRECTORS

PERNILLE WENDEL MEHL

Board member

Danish nationality.
Born in 1972.

Independent.
Member since: 2023
Participated in 11 of 11 possible board meetings in 2023.
Number of shares end 2023: 0 (2022: 0)

Pernille Wendel Mehl holds a Grad. Dip. BSC. In Business Administration (HD A), Master of Management Development (MMD) and CBS/ Børsen Executive Board Programme.

Other positions:
Pernille Wendel Mehl is CEO of Copenhagen Zoo and member of the board of directors of Vetnordic A/S, COOP Danmark A/S, Foreningen DGI Byen, and Nine A/S, and chairman of the board of Dansk Markedsføring.

JAN AMTOFT

Board member

Danish nationality.
Born in 1964.

Independent.
Elected in 2022.
Participated in 15 of 15 board meetings in 2023.
Number of shares end 2023: 1,550 (2022: 0)

Jan Amtoft holds a Bachelor of Computer Science (Hons) from DeMontfort University.

Other positions:
Jan Amtoft is CIO at Rockwool A/S.

SVANE KØKKENET
DECO

ERIKA HUMMEL

Board member

Italian and German nationality.
Born in 1961.

Non-independent.
Member since: 2023
Participated in 11 of 11 possible board meetings in 2023.
Number of shares end 2023: 0 (2022: 0)

Erika Hummel holds a B.A. in Economics and an MBA both from the University of California, Los Angeles.

Other positions:
Erika Hummel is CEO of Sodulo Immobilien GmbH and chairman of the board of directors of Hummel & Partner AG.

EXECUTIVE MANAGEMENT

TORBEN PAULIN

Chief Executive Officer

Danish nationality.
Born in 1965.

Since March 2020
Number of shares end 2023: 55,876 (2022: 48,125)

Prior to joining TCM Group, Torben Paulin was CEO at BoConcept, a leading Danish design and lifestyle brand with nearly 300 franchise stores in 60 countries.

Other positions:
Torben Paulin is member of the board of directors of Zefyr Invest A/S.

THOMAS HJANNUNG

Chief Financial Officer

Danish nationality.
Born in 1973.

Since 2023
Number of shares end 2023: 5,426 (2022: 0)

Prior to joining the TCM Group, Thomas Hjannung worked with Faerch Group, ECCO Sko A/S and Bang & Olufsen A/S in varius senior positions, including international assignments.

SHAREHOLDER INFORMATION

TCM GROUP SHARE PRICE DEVELOPMENT IN 2023
TCM Group A/S is a part of the Nasdaq OMX Copenhagen Small Cap index. The development in TCM Group's share price during 2023 has been affected, like many of our industry peers, by the general negative sentiment in the stock market towards companies with exposure to the construction sector and the housing market, due to the macro-economic uncertainty, high interest rates and cost-inflation. In line with peers the share price declined to DKK 45.5 on 31 December 2023 from an opening value of DKK 73.0. Average share price during 2023 was DKK 62.

During 2023 TCM Group completed a directed rights issue issuing 1,221,419 new shares, providing net proceeds of DKK 77.0 million, in connection with the acquisition of Aubo Production A/S. As part of the payment to the sellers of AUBO Production A/S, the Board of Directors decided to issue 149,925 shares.
The nominal value of the company's share capital at 31 December 2023 was DKK 1.1 million divided into shares of DKK 0.1, equivalent to 10.5 million shares and 10.5 million votes. As of 31 December 2023, TCM Group A/S owns 75,000 treasury shares, corresponding to 0.7% of the share capital.

OWNERSHIP
Members of the Board of Directors held at 31 December 2023 46,456 shares (31 December 2022 40,625 shares), and members of the Executive Management held 61,302 shares (31 December 2022 91,602 shares), in total 107,758 shares (31 December 2022 132,227 shares), equivalent to 1.0% of the share capital (31 December 2022 1.4%).

At 31 December 2023, the following shareholders had notified shareholdings above 5% of the share capital (see below).

NAME	BUSINESS REGISTRATION NO	DOMICILE	NOTIFIED SHAREHOLDING*
BI Asset Management Fondsmæglerselskab A/S	20896477	Copenhagen, Denmark	10.8 %
Paradigm Capital Value Fund	B129149	Luxembourg, Luxembourg	15.8 %
Arbejdsmarkedets Tillægspension	43405810	Hillerød, Denmark	10.3 %
Paradigm Capital Value LP	99-0375707	Delaware, USA	12.1 %

* According to latest shareholding notifications

FINANCIAL CALENDER

The financial year covers the period 1 January – 31 December, and the following dates have been fixed for releases etc. in the financial year 2024:

11 APRIL 2024
Annual general Meeting 2024

16 MAY 2024
Interim report Q1 2024

21 AUGUST 2024
Interim report Q2 2024

22 NOVEMBER 2024
Interim report Q3 2024

26 FEBRUARY 2025
Interim report Q4 2024 and Annual report 2024

9 APRIL 2025
Annual general Meeting 2025

The Board of Directors has adopted a dividend policy with a target payout ratio of 40-60 percent of consolidated net profit for the year.

DIVIDEND DISTRIBUTION
During 2023, TCM Group did not distribute dividend. For the financial year 2023, the Board of Directors has decided not to propose a distribution of an ordinary dividend.

DIVIDEND POLICY
The Board of Directors has amended the dividend policy with a target payout ratio of 40-60 percent of consolidated net profit for the year. Payment of dividends, and the amounts and timing thereof, will depend on a number of factors, including future revenue, profits, general financial and business conditions, restrictions agreed in financing agreements, strategic initiatives such as M&A activities or large-scale investments decided upon by the Board of Directors, and such other factors as the Board of Directors may deem relevant as well as applicable legal and regulatory requirements. There can be no assurance that in any given year a dividend or share buyback will be proposed or declared or that the Company's financial performance will allow it to adhere to the dividend policy or any increase in the pay-out ratio. The Company's ability to pay dividends or buy back shares may be impaired as a result of various factors. Furthermore, the dividend policy is subject to change as decided by the Board of Directors from time to time.

As per the current financing agreements with Nykredit the Group has agreed dividend restrictions linked to the financial leverage.

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The company's investor relations website, investor.tcmgroup.dk, contains all official financial reports, investor presentations, the financial calendar, corporate governance documents and other material.

ANALYST COVERAGE
TCM Group is currently covered by four analysts:

Aktieinfo **John Stihøj**
Carnegie **Alexander Borreskov**
Danske Bank **Poul Ernst Jessen**
SEB **Ulrik Bak**

CONTACT
For further information, please contact:
CEO Torben Paulin +45 21210464
CFO Thomas Hjannung +45 25174233
IR Contact mail: ir@tcmgroup.dk

ANNUAL GENERAL MEETING
The annual general meeting will be held on Thursday, 11 April 2024 at 5 p.m. at Skautrupvej 22b, Tvis, 7500 Holstebro.

SHARE INFORMATION
Exchange: Nasdaq Copenhagen
Trading symbol: TCM018
Identification number/ISIN: DK0060915478
Number of shares: 10.5 million shares of DKK 0.1 each with one vote
Share classes: 1
Sector: Kitchens, bathrooms and storage
Segment: SMALL CAP

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS OF THE PARENT COMPANY

CONSOLIDATED INCOME STATEMENT

DKK'000	NOTE	2023	2022
Revenue	4	1,111,346	1,146,052
Cost of goods sold	5,6,8	(893,015)	(915,403)
Gross profit		**218,331**	**230,649**
Selling expenses	5,6,8	(107,183)	(83,379)
Administrative expenses	5,6,7,8	(61,948)	(47,709)
Other operating income		6,410	3,852
Other operating expenses		0	(22)
Operating profit before non-recurring items		**55,610**	**103,391**
Non-recurring items	8,9	(9,815)	(6,478)
Operating profit		**45,795**	**96,913**
Share of profit/loss in associated companies		2,194	1,263
Financial income	10	1,538	441
Financial expenses	10	(22,435)	(9,215)
Profit before tax		**27,092**	**89,401**
Tax for the year	11	(5,570)	(18,909)
Net profit for the year		**21,522**	**70,493**
Earnings per share (EPS)			
Earnings per share before dilution, DKK	21	2.20	7.77
Earnings per share after dilution, DKK	21	2.20	7.76

STATEMENT OF COMPREHENSIVE INCOME

DKK'000	NOTE	2023	2022
Net profit for the year		21,522	70,493
OTHER COMPREHENSIVE INCOME			
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Value adjustments of currency hedges before tax		(47)	(1,137)
Tax on value adjustments of currency hedges		11	250
Tax related to prior years		36	0
Other comprehensive income for the year		**0**	**(887)**
Total comprehensive income for the year		**21,522**	**69,606**

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER

DKK'000	NOTE	2023	2022
ASSETS			
INTANGIBLE ASSETS	12		
Goodwill		411,998	369,796
Brand		178,711	171,961
Customer contract		45,125	0
Other intangible assets		2,823	1,930
Other intangible assets in progress		33,665	12,151
		672,322	**555,838**
TANGIBLE ASSETS	13		
Land and buildings		128,925	95,126
Tangible assets under construction and prepayments		6,130	1,119
Machinery and other technical equipment		53,985	42,542
Equipment, tools, fixtures and fittings		7,138	5,707
Right-of-use assets	14	41,458	35,169
		237,635	**179,664**
FINANCIAL ASSETS			
Investments in associated companies	15	47,994	48,702
Lease receivables	14	10,838	16,394
Other financial assets	16	11,024	10,420
		69,856	**75,516**
Total non-current assets		**979,813**	**811,017**
INVENTORIES			
Raw materials and consumables		47,818	41,075
Semi-finished products		34,885	28,647
Finished products		9,834	10,980
	17	**92,537**	**80,702**
CURRENT RECEIVABLES			
Trade receivables	25	80,585	40,984
Lease receivables	14	8,488	8,312
Receivables from associated companies		1,919	0
Other receivables		23,065	21,888
Prepaid expenses and accrued income	18	1,180	2,932
		115,237	**74,115**
Cash and cash equivalents		13,285	4,392
Total current assets		**221,060**	**159,209**
Total assets		**1,200,873**	**970,227**

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER

DKK'000	NOTE	2023	2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	19,21	1,051	914
Treasury shares	19	(12,087)	(12,087)
Value adjustments of cash flow hedges	20	(916)	(916)
Retained earnings		541,605	432,718
Proposed dividend for the year	22	0	0
Total shareholders' equity		**529,653**	**420,629**
Deferred tax	23	68,032	53,393
Mortgage loans	3,24	22,726	25,060
Bank loans	3,24	145,346	0
Lease liabilities	3,14	48,150	48,813
Other liabilities	3	52,500	483
Total long-term liabilities		**336,755**	**127,748**
Mortgage loans	3,24	2,529	2,766
Bank loans	3,24	92,982	200,329
Lease liabilities	3,14	14,198	11,973
Trade payables	3	144,710	151,892
Liabilities to associated companies		0	115
Current tax liabilities		1,665	3,564
Other liabilities	3	77,797	51,211
Deferred income		584	0
Total short-term liabilities		**334,465**	**421,849**
Total shareholders' equity and liabilities		**1,200,873**	**970,227**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

DKK'000	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	VALUE ADJUSTMENTS OF CASH FLOW HEDGES	RETAINED EARNINGS	PROPOSED DIVIDEND	TOTAL EQUITY
Opening balance 01.01.2023	**914**	**0**	**(12,087)**	**(916)**	**432,718**	**0**	**420,629**
Net profit for the year	0	0	0	0	21,522	0	21,522
Other comprehensive income for the year	0	0	0	0	0	0	0
Total comprehensive income for the year	**0**	**0**	**0**	**0**	**21,522**	**0**	**21,522**
Share based incentive program	0	0	0	0	471	0	471
Share capital increase	137	88,645	0	0	0	0	88,782
Transfer	0	(88,645)	0	0	88,645	0	0
Cost related to share capital increase	0	0	0	0	(1,751)	0	(1,751)
Closing balance 31.12.2023	**1,051**	**0**	**(12,087)**	**(916)**	**541,605**	**0**	**529,653**
Opening balance 01.01.2022	**1,000**	**0**	**(135,976)**	**(29)**	**500,292**	**54,404**	**419,691**
Net profit for the year	0	0	0	0	70,493	0	70,493
Other comprehensive income for the year	0	0	0	(887)	0	0	(887)
Total comprehensive income for the year	**0**	**0**	**0**	**(887)**	**70,493**	**0**	**69,606**
Dividend paid	0	0	0	0	0	(54,404)	(54,404)
Share based incentive program	0	0	0	0	104	0	104
Purchase of treasury shares	0	0	(14,368)	0	0	0	(14,368)
Reduction of share capital	(86)	0	138,257	0	(138,171)	0	0
Closing balance 31.12.2022	**914**	**0**	**(12,087)**	**(916)**	**432,718**	**0**	**420,629**

CONSOLIDATED CASH FLOW STATEMENT

DKK'000	NOTE	2023	2022
OPERATING ACTIVITIES			
Operating profit		45,795	96,913
Depreciation/amortization		31,572	17,951
Other non-cash operating items		(33)	2,113
Income tax paid		(18,275)	(8,933)
Change in inventories		22,430	(2,938)
Change in operating receivables		25,481	(21,479)
Change in operating liabilities		(26,021)	(11,451)
Cash flow from operating activities		**80,949**	**72,177**
INVESTING ACTIVITIES			
Investments in tangible assets		(21,621)	(22,593)
Investments in intangible assets		(21,813)	(10,116)
Sale of tangible assets		188	0
Investments in financial assets		1	10
Acquisition of operations (business combinations)	26	(100,791)	0
Acquisition of operations (associated company)	27	(153)	(2,180)
Dividends from associates		2,250	0
Cash flow from investing activities		**(141,939)**	**(34,879)**
Operating cash flow before acquisitions of operations		**39,954**	**39,478**
Operating cash flow after acquisitions of operations		**(60,990)**	**37,298**

DKK'000	NOTE	2023	2022
FINANCING ACTIVITIES			
Interest paid		(22,435)	(9,215)
Interest recieved		1,538	441
Proceeds from loans	28	149,625	39,628
Repayments of loans	28	(131,040)	(2,805)
Repayments of lease liabilities	14	(4,835)	(4,068)
Purchase of treasury shares		0	(14,368)
Rights issue, net proceeds		77,031	0
Dividend paid		0	(54,404)
Cash flow from financing activities		**69,883**	**(44,790)**
Cash flow for the year		**8,893**	**(7,492)**
Cash and cash equivalents at the beginning of the year		**4,392**	**11,884**
Cash flow for the year		8,893	(7,492)
Cash and cash equivalents at year-end		**13,285**	**4,392**
SPECIFICATION:			
Cash and cash equivalents at year-end		13,285	4,392
Cash and cash equivalents assets held for sale		0	0
		13,285	**4,392**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

PRINCIPLES APPLIED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are presented in accordance with IFRS accounting standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Accounting policies are unchanged compared to last year.

Implementation of new standards, amendments, and interpretations
TCM Group has assessed the effect of the new standards, amendments, and interpretations. TCM Group has concluded that all standards, amendments, and interpretations effective for financial years beginning on or after 1 January 2023 are either not relevant to the Group or have no significant effect on the Financial Statements of the TCM Group.

Changes in classification
Comparative figures in the income statement and balance sheet items have been restated to match this year's classification. The adjustments of comparative figures have no effect on net profit and equity.

REPORTING UNDER THE ESEF REGULATION

The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) requires the use of a particular electronic reporting format for annual reports of listed companies in the EU. More specifically, the ESEF Regulation requires the annual report to be prepared in XHTML format with iXBRL tagging of the consolidated financial statements including notes.

TCM Group A/S' iXBRL tagging has been made using the ESEF taxonomy disclosed in the annexes to the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation.

The line items in the consolidated financial statements are XBRL-tagged to the elements of the ESEF taxonomy that are considered to match the content of those line items. For line items not considered to be covered by line items defined in the taxonomy, entity-specific extensions to the taxonomy have been incorporated. Except for subtotals, these extensions are anchored to standard elements of the ESEF taxonomy.

Consistently with the requirements of the ESEF Regulation, the annual report approved by Management is comprised of a ZIP file tcm-group-2023-12-31-en.zip which includes an XHTML file that may be opened using standard web browsers, and a number of technical XBRL files enabling mechanical retrieval of the XBRL data incorporated.

GENERAL PRINCIPLES

Assets and liabilities are recognised at historic acquisition value (cost), except for certain financial assets and liabilities and non-current assets held for sale. Financial assets and liabilities measured at fair value comprise derivative instruments. Non-current assets held for sale are recognised at the lower of the carrying amount and fair value, less selling expenses.

The Parent Company's functional currency is Danish kroner (DKK), which is also the presentation currency for the Parent Company and Group. Accordingly, the consolidated financial statements are presented in DKK. All amounts are stated in DKK thousand, unless otherwise stated.

NEW IFRS STANDARDS THAT HAVE NOT YET BEEN APPLIED

A number of new or amended IFRS standards will come into effect in future financial years, and have not been applied in advance when preparing these consolidated financial statements.

There are no amendments to accounting policies with future application that are deemed to have any material effect on the consolidated financial statements.

CLASSIFICATION, ETC.

Non-current assets essentially comprise amounts that are expected to be recovered more than 12 months after the balance sheet date. Current assets essentially comprise amounts that are expected to be recovered within the 12 months after the balance sheet date. Long-term liabilities comprise amounts that TCM Group A/S has an unconditional right, to pay later than 12 months after the balance sheet date. Other liabilities comprise short-term liabilities.

CONSOLIDATION PRINCIPLES AND BUSINESS COMBINATIONS

Subsidiaries
Subsidiaries are companies subject to the controlling influence of TCM Group A/S. A controlling influence entails the direct or indirect right to shape a company's financial or operational strategies in a bid to receive financial benefits. When assessing whether a controlling influence exists, potential voting shares that can be immediately utilized or converted must be taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that the controlling interest arises and are included in the consolidated financial statements until the date on which the controlling interest ceases.

If ownership is reduced to such an extent that controlling interests are lost, any remaining holdings are recognized at fair value and the change in value is recognized in profit or loss.

Transactions that are eliminated through consolidation
Intra-group receivables and liabilities, income or expenses and unrealized gains or losses that arise from intra-group transactions between group companies, are eliminated in their entirety in the preparation of the consolidated financial statements.

Business combinations
Business combinations are recognized in accordance with the acquisition method. According to this method the acquired identifiable assets and assumed liabilities and contingent liabilities are recognised at their fair value on the acquisition date. The consideration is measured at fair value of the consideration transferred to the former owner of the acquiree. Acquisition related costs are recognized as non-recurring items in income statement as incurred.

Goodwill arising from business combinations is calculated as the total of the consideration transferred, any non-controlling interests and fair value of previously owned participations (for step acquisitions) less the fair value of the subsidiary's identifiable assets and assumed liabilities. When the difference is negative, it is recognized directly in net profit for the year.

Contingent consideration in acquisitions is measured at fair value on both the acquisition date and continuously thereafter, with changes in value recognized in profit or loss.

For acquisitions of subsidiaries involving non-controlling interests, the Group recognizes net assets attributable to non-controlling interests either at fair value of all of the net assets except goodwill, or at fair value of all net assets including goodwill. The principle is decided individually for each acquisition.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

When controlling interests are achieved, changes in ownership are recognized as a reallocation of shareholders' equity between the parent company's owners and the non-controlling interest, without any remeasurement of the subsidiary's net assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

SEGMENT REPORTING

An operating segment is a part of the Group that conducts business activities from which it earns revenue and incurs expenses and for which independent financial information is available. Furthermore, the results of an operating segment are monitored by the company's chief operating decision-maker to evaluate them and to allocate resources to the operating segment. TCM Group A/S has only one operating segment that is producing and selling kitchens, bathrooms and storage.

REVENUE RECOGNITION

The Group sells kitchen products through a number of independent stores, DIY chains and other retailers. Revenue is recognised when control of goods sold has transferred to the customer, being when the goods have been delivered according to the delivery terms DAP. General credit terms vary between 8-30 days. Sales are recognized net after VAT and discounts.

COST OF GOODS SOLD

Cost of goods sold include the manufacturing costs incurred to achieve revenue for the year. Costs consist of raw material, direct labour costs, in and outbound transportation costs and indirect costs related to manufacturing such as salaries, energy and maintenance costs as well as depreciation of production facilities, and equipment.

NON-RECURRING ITEMS

Non-recurring items are applied in connection with the presentation of the profit or loss for the year to distinguish income and expenses that are special and of a non-recurring nature from the consolidated operating profit for the year. Non-recurring items are assessed item by item and comprise restructuring costs, impairment charges in connection with e.g. material restructuring and other items relating to fundamental reorganisations as well as gains or losses on major disposals.

OPERATING EXPENSES (SELLING AND ADMINISTRATIVE EXPENSES)

Operating expenses primarily comprise selling and administrative expenses. Selling expenses include staff cost, marketing cost, losses (incl. provisions for) on trade receivables, and other cost related to sales and marketing activities. Administrative expenses include staff costs and other costs related to administration.

SHARE OF PROFIT/LOSS IN ASSOCIATED COMPANIES

In the income statement, the Group's share of associates' results after tax and after elimination of the proportionate share of internal profit/loss is recognized.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest income on bank balances and receivables, interest expense on loans, gain/loss on interest rate swaps as well as exchange rate differences on financial items.

Interest income on receivables and interest expense on liabilities are calculated in accordance with the effective interest rate method. The effective interest rate is the interest rate that results in the present value of all future receipts and disbursements during the fixed-interest term becoming equal to the carrying amount of the receivable or liability. The calculation includes all fees paid or received by contractual parties that are part of the effective interest rate, meaning transaction costs and surplus and deficit values.

TAX

Tax costs for the year comprise current tax and deferred tax. Income taxes are recognized in the income statement except when the underlying transaction is recognized in other comprehensive income or in shareholders' equity, whereby the associated tax effects are recognized in other comprehensive income or in shareholders' equity.

Current tax is tax that is to be paid or received regarding the current year, by applying the tax rates determined or that have been determined in principle on the balance sheet date. This item also includes adjustments to current tax attributable to previous periods.

Deferred tax is calculated according to the balance-sheet method on all temporary differences arising between recognized and fiscal values of assets and liabilities.

The tax effect attributable to tax loss carryforwards that could be utilized against future profits is capitalized as a deferred tax asset. This applies to both accumulated loss carryforwards at the acquisition date and losses arising thereafter.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is recognized in the balance sheet as a non-current asset or long-term liability. The income tax liability is recognized as a current receivable or current liability.

If the actual outcome differs from the amounts first recognized, the differences will affect current tax and deferred tax in the period in which these calculations are made.

INTANGIBLE ASSETS

Goodwill comprises the amount by which the cost of the acquired operation exceeds the established fair value of identifiable net assets, as recognized in the acquisition analysis. In connection with the acquisition of operations, goodwill is allocated to cash generating units. In connection with acquisitions the fair value of the different brands have been measured respectively. Since goodwill and the Svane Køkkenet brand have an indefinite useful life, it is not amortized. The indefinite useful life is justified by the long life of the brand, where there are no intention of changing the brand set-up. Thus, it is not possible to determine a useful life. Instead, goodwill and brand are subject to impairment testing annually or if an indication of an impairment requirement arises. The carrying amount comprises the cost less any accumulated impairment losses. A description of the method and assumptions applied when conducting impairment tests is found in note 12 Intangible Assets.

Other intangible assets with definite useful life are recognized at cost less accumulated amortization and any impairment. It also includes capitalized costs for purchases and internal and external costs for the development of software for the Group's IT operations, patents and licenses. Amortization is calculated according to the straight-line method based on the estimated useful life of the asset (3-10 years).

TANGIBLE ASSETS

Tangible assets are recognized at cost with deductions for depreciation and any impairment. Cost includes expenses that can be directly attributed to the acquistion. Costs for repairs and maintenance are recognized as costs in profit or loss in the period in which they arise.

In the event that an asset's carrying amount exceeds its estimated recoverable amount, the asset is written down to its recoverable amount, which is charged to the income statement.

In the income statement, operating profit is charged with straight-line depreciation, which is calculated on the original cost less estimated residual value after useful life and is based on the estimated useful lives of the assets as follows:

Buildings	20–40 years
Machinery and other technical equipment	3-10 years
Equipment, tools, fixtures and fittings	2-8 years

Land is not depreciated.

Expected useful lives and residual values are reviewed annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

RESEARCH AND PRODUCT DEVELOPMENT

Costs for product development are expensed immediately as and when they arise.

Product development within the Group is mainly in the form of design development and is conducted continuously to adapt to current style trends. To a large extent, product development is based on a further development of existing materials and designs, which is the reason that no portion of the costs for product development is recognized as an intangible asset. The Group does not carry out research and development in the true sense of such work, or to any significant extent.

LEASES

When entering into an agreement, the company assesses whether an agreement is a lease agreement or contains a lease element. A lease is an agreement that transfers the right to control the use of an identifiable asset for a period against payment. In assessing whether an agreement contains a lease item that has been transferred to the lessee, it is necessary to consider whether the lessee has the right, during the useful life, to obtain virtually all the economic benefits from the use of the identifiable asset and the right to decide on the use of the the identifiable asset.

The company recognizes a right-of-use (the asset) and a lease obligation at the start of the lease period.

The right-of-use asset is measured at cost, which is calculated as the present value of the lease obligation plus any direct costs associated with entering the lease, any costs for demolition and disposal of the asset at the end of the lease period which the lessee is obliged to pay, and prepaid leasing payments.

The right-of-use asset is depreciated on a straight-line basis over the shortest period of the lease term and the useful life of the asset. If the lease agreement contains a purchase option that the company expects to exercise, the right-of-use asset is depreciated on a straight-line basis over the total expected useful life of the asset.

The company leases vehicles which include a service element in the payments to the lessor. This service is deducted from the lease payment when measuring the lease obligation. Where the company cannot reliably separate leasing and non-leasing items, it is considered a single leasing payment.

Short leases with a maximum lease term of 12 months and leases where the underlying asset has a low value are not recognized in the balance sheet.

The lease obligation, which is recognized under "Lease liabilities", is measured at the present value of the remaining lease payments, discounted by the company's incremental loan interest rate, if the implicit interest rate is not stated in the lease agreement or can reasonably be determined. The leasing payment consist of fixed and variable leasing payments that are regulated by index or interest rate, guaranteed residual values, the exercise of purchase options and the cost of cancelling the lease. The lease obligation is subsequently adjusted if:

- The value of the index or interest rate on which the lease payments are based changes.
- There is a change in the exercise of options to extend or shorten the lease period due to a material event or material change in circumstances which are within the control of the lessee.
- The lease term is changed as a result of exercising an option to extend or shorten the lease term.
- The estimate of a residual value guarantee is changed.
- The contract is renegotiated or modified.

Subsequent adjustment of the lease obligation is recognized as a correction to the right-of-use asset. However, if the right-of-use asset has a value of DKK 0, a negative reassessment of the right-of-use asset is recognized in the income statement.

Lease period

The company recognizes the lease obligations on the basis of the future payments during the lease period. The lease period consists of the non-cancellable period and periods covered by extension and termination options.

The company rents properties for production and for retail leases. Often leases do not have a fixed expiry date, but continue after the non-cancellable period until the lessee terminates the contract. The company therefore assesses whether it is reasonably certain of exercising extension options or failing to exercise termination options when determining the lease term.

Retail leases are in all cases subleased to franchisees on the same terms, why the lease term is estimated to be the same period. The right-of-use assets is therefore recoqnized as a 'Lease receiveables' in the balance sheet.

Incremental borrowing rate

The company has chosen to subdivide their leases into the following categories:

- Rental contracts for premises
- Vehicles

The borrowing rate is set at first recognition. If the company considers that a change in the residual value guarantee, termination and renewal options, the incremental borrowing rate is revised.

For the company's vehicles, the incremental borrowing rate is calculated based on the company's borrowing rate. This interest rate takes into account credit assessments, collateral, leasing periods, etc.

For rental contracts for premises, the possibility of using mortgage financing of real estate has been taken into account.

INVESTMENTS IN ASSOCIATED COMPANIES

Investments in associates are measured using the equity method, whereby the investments in the balance sheet are measured at the proportionate share of the companies' net asset value calculated in accordance with the Group's accounting policy after elimination of the proportionate share of unrealized internal profit/loss and with addition of value added on acquisition, including goodwill.

Investments in associates are tested for impairment if an indication of an impairment requirement arises.

INVENTORIES

Inventories comprise finished and semi-finished products and raw materials. Inventories are valued according to the first-in, first-out (FIFO) principle, at the lower of the cost and net realisable value on the balance sheet date. The realisable value comprises the estimated sales price in the ongoing operations less selling expenses. Cost of finished and semi-finished products are measured at manufacturing cost including raw materials, direct labour, other direct expenses and production related overheads based on a normal production capacity.

Inter-group profits on inventory are eliminated in the consolidated financial statements.

FINANCIAL INSTRUMENTS

Financial instruments recognized in the balance sheet include cash and cash equivalents, loans receivable, trade receivables and derivative instruments on the asset side. On the liability side, there are trade payables, loan liabilities and derivative instruments.

Recognition in and derecognition from the balance sheet

A financial asset or a financial liability is entered in the balance sheet when the company becomes a party in accordance with the contractual terms of the instrument. A receivable is recognized when the company has performed a service and a contractual payment obligation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

arises for the counterparty, even if an invoice has not been received. Trade receivables are recognized in the balance sheet when revenue is recognized and an invoice has been issued. A liability is recognized when the counterparty has performed a service and a contractual payment obligation arises, even if an invoice has not been received. Accounts payables are recognized when a service or product has been received.

A financial asset is derecognized from the balance sheet when the rights resulting from the agreement have been realized, expire or the company loses control over them. The same applies to a part of a financial asset. A financial liability is derecognized from the balance sheet when the obligation resulting from the agreement has been realized or is extinguished in some other manner. The same applies to a part of a financial liability.

A financial asset and a financial liability may only be offset against each other and recognized net in the balance sheet if there is a legal right to offset the amounts and the intention is to settle the items in a net amount or to simultaneously sell the asset and settle the debt.

The acquisition or divestment of financial assets is recognized on the date of transaction for on demand transactions, which is the date when the company undertakes to acquire or sell the asset.

Measurement
Financial instruments that are not derivative instruments are initially recognized at cost corresponding to the instrument's fair value plus transaction costs. Transaction costs for derivative instruments are immediately expensed. On initial recognition, a financial instrument is classified on the basis of the purpose underlying the acquisition of the instrument. This classification determines how the financial instrument is measured after initial recognition, in the manner described below. For the recognition of derivative instruments, refer to cash-flow hedges below.

Receivables and liabilities in foreign currencies
Receivables and liabilities in foreign currencies are valued at the balance sheet date rate. Exchange rate fluctuations pertaining to operating receivables and liabilities are recognized in operating profit, while exchange rate fluctuations pertaining to financial receivables and liabilities are recognized in net financial items.

Loans and trade receivables
The category of loans and trade receivables comprises financial assets that are not derivative instruments, that have fixed or fixable payments and that are not listed on an active market. For TCM Group A/S, this category includes long-term financial assets and trade receivables and other receivables recognized as current assets. These assets are valued at amortized cost. Amortized cost is determined based on the effective rate calculated on the acquisition date. Loans and trade receivables are recognized at the amounts that are expected to be received, meaning less any provisions for decreases in value. Receivables with short maturities are not discounted.

Cash and cash equivalents
Cash and cash equivalents are defined as cash and bank balances and short-term investments with maturities not exceeding three months from the acquisition date.

Financial liabilities
All transactions pertaining to financial liabilities are recognized on the settlement date. Liabilities (except for derivative instruments with negative values) are measured at amortized cost.

Financial liabilities related to contingent payment obligations are initially measured at fair market value based on the estimated future performance of the acquired entity. These assumptions are then reviewed at each balance sheet date and the contingent payment obligation adjusted accordingly with the adjustment being charged to other income / other expenses.

Cash-flow hedges, interest-rate risk
Interest swaps can be used to hedge the uncertainty of highly probable forecasted interest-rate flows for borrowing at variable interest, whereby the company receives variable interest and pay fixed interest. Interest rate swaps are measured at fair value in the balance sheet. The interest coupon portion is continuously recognized in profit or loss as a portion of interest expense. Unrealized changes in fair value of interest rate swaps are recognized in other comprehensive income and are included as a portion of the hedging reserve until the hedged item impacted net profit for the year and as long as the criteria for hedge accounting and effectiveness are fulfilled. The gain or loss attributable to the ineffective portion of unrealized changes in value of interest rate swaps is recognized in profit or loss.

Derivative financial instruments
On initial recognition in the balance sheet, derivate financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognized under other receivables or other payables.

Changes that are complying with requirements for hedging of future cashflow of a recognized asset or a recognized liability are recorded in the other comprehensive income statement.

IMPAIRMENT
The carrying amounts of the Group's assets are tested annually for indications of any impairment requirement. IAS 36 is applied to the impairment testing of assets other than financial assets, which are tested according to IFRS 9 inventories and deferred tax assets, if any.

Impairment testing of tangible and intangible assets
If there is an indication of an impairment requirement, the recoverable amount of the asset is tested in accordance with IAS 36 (see below). For goodwill and assets with indefinite life e.g. brand, the recoverable amount is calculated annually. When testing for impairment requirements, if it is not possible to establish essentially independent cash flows for an individual asset, the assets must be grouped at the lowest level at which it is possible to identify essentially independent cash flows, known as cash generating units.

Impairment losses are recognized when the carrying amount of an asset or a cash generating unit (group of units) exceeds the recoverable amount. Impairment losses are charged against profit or loss. Impairment losses related to assets attributable to a cash generating unit are primarily allocated to goodwill. Subsequently, a proportional impairment of other assets included in the unit (group of units) is effected.

The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted using a discounting factor that takes into account the risk-free interest rate and the risk associated with the specific asset or cash generating unit (group of units).

Impairment of financial assets
Trade receivables are recognised initially at their transaction price less allowance for expected credit losses over the lifetime of the receivable and are subsequently measured at amortised cost adjusted for changes in expected credit losses. The expected credit losses on trade receivables are estimated based on the level of unsecured balances past due. The Group has historically experienced insignificant credit losses.

Receivables, for which the Group has no reasonable expectation of recovery, are written off in part or entirely.

The allowances for expected credit losses and write-offs for trade receivables are recognised in profit or loss and included in administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Impairment reversal
An impairment loss on assets that come under the scope of IAS 36 is reversed if there is an indication that the impairment is no longer pertinent and that there has been a change in the assumptions upon which the calculation of the recoverable amount was based. However, an impairment loss on goodwill and brand with undefinite useful life is never reversed. A reversal is only performed to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount that would have been recognized, less depreciation wherever applicable, if no impairment had been posted.

An impairment loss on loans and trade receivable recognized at amortized cost is reversed if the previous reasons for the impairment loss no longer exist and full payment can be expected to be received from the customer.

CONTINGENT LIABILITIES
A contingent liability is disclosed when the Company has a possible obligation deriving from an occurred event whose existence will be confirmed only by one or more uncertain future events, or when there is an obligation that has not been recognized as a liability or provision because it is not probable that an outflow of resources will be required, or alternatively because it is not possible to sufficiently reliably estimate the amount concerned.

SHAREHOLDERS' EQUITY
Dividends
Dividends are recognized as a liability after the Annual General Meeting has approved the dividend.

Treasury shares
The treasury share reserve comprises cost of acquisition for the Group's portfolio of treasury shares. Dividends received from treasury shares are recognised directly in retained earnings in equity. Gains and losses from the sale of treasury shares are recognised in share premium.

STATEMENT OF CASH FLOWS
The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of businesses is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognized in the cash flow statement from the date of acquisition, and cash flows from disposed businesses are recognized up until the date of disposal.

Cash flows from operating activities are calculated according to the indirect method as operating profit adjusted for non-cash operating items, changes in working capital, and corporation tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and operations and of intangible and tangible assets and other non-current assets as well as dividend received.

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, interest and payment of dividends to shareholders.

EARNINGS PER SHARE
The calculation of earnings per share is based on consolidated net profit attributable to the Parent Company shareholders and on the weighted average number of shares outstanding during the year. When calculating earnings per share after dilution, the average number of shares outstanding is adjusted to take into account the dilutive effects of potential ordinary shares including employee share options. The options are dilutive if the exercise price is lower than the share price. Dilution is greater, the greater the difference between the exercise price and the share price. For the options, the exercise price is added the value of future services.

EMPLOYEE BENEFITS
Long-term remuneration
The Group operates schemes for remuneration to employees for long service. The obligation is deemed insignificant and the Group, therefore, recognizes the expense at the time of the anniversary.

The Group has an equity-settled, share-based Long-term Incentive program (LTI) for the Executive Management, which is governed by the Remuneration policy. The LTI is a share-based program and consists of annual commencing individual Performance Share Unit Plans (PSU) with rolling 3 year performance periods. The fair value of employee services received for the grant of shares is recognised as an expence and allocated over the vesting period. And the end of each reporting period, TCM revises its estimates of the numbers of shares expected to vest. TCM recognises the impact of the revision of original estimates, if any, in the income statement and in a corresponding adjustment to equity over the remaining vesting period. Adjustments relating to prior years are included in the income statement in the year of adjustment.

Short-term remuneration
Short-term remuneration to employees is calculated without discounting and is recognized as a cost when the related services are obtained. A provision is recognized for the anticipated cost of bonus payments when the Group has a current legal or contractive obligation to make such payments, based on the services being obtained from the employees and it being possible to reliably estimate the obligation.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparing the consolidated financial statements in accordance with IFRS requires that Management makes assessments, estimates and assumptions that affect the application of accounting policies and the recognized amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments. Estimates and assumptions are regularly reviewed. Changes to estimates are recognized in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both current periods and future periods. Assessments made by Management in the application of IFRS that have a material impact on the consolidated financial statements and estimates made that may lead to significant adjustments in the consolidated financial statements of future financial years are primarily the following:

IMPAIRMENT TESTING OF GOODWILL AND BRAND
Goodwill and brand with indefinite useful life are recognized at cost less any accumulated impairment. The Group performs annual impairment tests of goodwill and brand in accordance with the accounting policies. The assumptions and assessments made pertaining to expected cash flows and the discount rate in the form of weighted average cost of capital are described in note 12.

ACQUISITION OF ENTITIES
In applying the acquisition method of accounting, estimates are an integral part of assessing fair values of several identifiable assets acquired and liabilities assumed, as observable market prices are typically not available. Valuation techniques where estimates are applied typically relate to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition. Significant estimates are typically applied in accounting for intangible assets, deferred tax, contingent consideration, and contingent liabilities. Also, the fair value of earn-outs as part of the total purchase price is based on management's assessment of the most probable outcome to materialise in future years. As a result of the uncertainties inherent in fair value estimation, measurement period adjustments may be applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. FINANCIAL RISKS

FOREIGN EXCHANGE RISK

TCM Group A/S has limited currency exposure and risk related to sales in NOK. In accordance with the Groups foreign currency policy forward contracts are used to mitigate such risks. As such Forward contracts are used to hedge between 70-100% of the expected cash-flows in NOK on a 6-month rolling basis. Based on the net position (trade receivables and bank deposits less trade payables) in NOK as of the balance sheet date, a 10% change in the year-end rate would impact net profits and equity by DKK 3.7 million. Apart from NOK, revenue is only invoiced in DKK, and purchases are mainly in DKK or EUR. Due to the current DKK-EUR fixing EUR cash-flows related to purchases were not hedged during the year. Purchase related cashflows in other currencies than DKK and EUR amounted to DKK 21 million (DKK 4 million) and were not hedged during the year

CREDIT RISK

TCM Group A/S' customer base comprises professional customers. Credit management and payment terms are monitored for each customer group. Credit assessments are continuously performed on customers who make regular purchases. Credit insurance, bank guarantees and other collateral are utilized for the different markets and customer categories.

AGE ANALYSIS, TRADE RECEIVABLE	2023 DKK'000	2022 DKK'000
Trade receivables before impairment		
Non-due trade receivable	72,615	32,209
Past due trade receivable 0-30 days	6,204	4,036
Past due trade receivable 30-90 days	2,008	2,335
Past due trade receivable >90 days	9,279	6,022
Trade receivables before impairment	**90,106**	**44,602**
Of which overdue	17,491	12,393
Overdue secured	3,108	4,036
- Impaired	0	0
Total overdue secured after impairment	**3,108**	**4,036**
Overdue unsecured	14,383	8,357
- Impaired	(9,521)	(3,618)
Total overdue unsecured after impairment	**4,862**	**4,739**
Impairment loss recognized in the income statement during the period	**8,869**	**861**

Actual losses on trade receivables in 2023 amounted to DKK 8.9 million (DKK 0.9 million) primarily related to bankruptices of four stores in Denmark and Norway. In addition we have, due to the market situation and a higher overdue amounts, increased provisions for possible losses on trade receivables by DKK 5.9 million. Total expensed actual losses and increae in provisions amounts to DKK 14.8 million equal to 1.3% of net revenue for the year.

FINANCIAL EXPOSURE AND LIQUIDITY RISK

The Group in 2022 entered into a facility agreement with Nykredit Bank comprising a committed facility of DKK 200 million. The agreement initially included a 3-year commitment plus an option to extend the facility with two 1-year options on similar terms, of which the Group in 2023 exercised the first 1-year option. In connection with the acquisition of AUBO Production A/S the facility was increased to by DKK 20 million to DKK 220 million. In addition, the Group in March 2023 entered into a one year un-committed facilty agreement with Nykredit Bank of DKK 100 million. After the balance sheet date the one year un-committed facility has been renewed to March 2025 as a DKK 50 million facility.

In connection with the acquisition of AUBO Production A/S, the Group entered into a 3-year committed facility agreement with Nykredit Bank of DKK 150 million. The facility agreement includes two 1-year extension options on similar terms.

The facilities had an unused amount of DKK 234 million at 31 december 2023, and further DKK 13 million in available cash. Based on our scenarios for 2024, the current credit facilities provides sufficient headroom, and the forecasted leverage will be within the covenants agreed in the credit facility agreements, even with a decrease of 30% in EBITDA compared to budget.

The facility agreements with Nykredit Bank contains a leverage covenant of 5.0 until 30 June 2024 and 4.5 until 31 December 2024. There has been no breach of any covenant during the period.

Mortgage loans with a nominal amount of DKK 25 million (DKK 28 million) are amortised over 20 years and expire in 2032. The interest rates of mortgage loans are variable.

INTEREST-RATE RISK

It is group policy to hedge interest rate risks on loans when it is assessed that the debt is material. The group manages interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings, and by use of interest rate swap contracts.

The interest rates on the Nykredit facilities and the mortgage loans are currently variable.

For the Group's floating rate cash and cash equivalents and debt to banks, an increase in interest rate level of 1% p.a. relative to the actual interest rates would have a negative impact on the profit for the year and on equity at 31 December 2023 of DKK 2.9 million (DKK 2.2 million).

Assumptions for analysis of interest-rate sensitivity
The stated sensitivities are calculated on the basis of the recognized financial assets and liabilities at 31 December 2023. No adjustments have been made for instalments, raising of loans, etc. during the course of the year.

The computed expected fluctuations are based on the current market situation and expectations for the market developments in the interest rate level.

CAPITAL MANAGEMENT

The Board of Directors has adopted a dividend policy with a target payout ratio of 40-60 percent of consolidated net profit for the year, however subject to the overall financial prosition and leverage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. FINANCIAL RISKS (CONTINUED)

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET

Interest rate swaps are valued using an income approach (discounted cash flow). Expected future cash flows are based on relevant observable swap rates and discounted using a discount rate that reflects the credit risk of the relevant counterparties (level 2).

The classification of financial instruments measured at fair value is disaggregated in accordance with the fair value hierarchy:

- Quoted prices in an active market for identical instruments (level 1)
- Quoted prices in an active market for similar assets or liabilities or other valuation methods where all significant inputs are based on observable market data (level 2)
- Valuation methods in which any significant input is not based on observable marked data (level 3)

CARRYING AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS:	2023 DKK'000	2022 DKK'000
Hedging – currency fluctuation (level 2)	1,220	(1,173)
Contingent payment obligation, AUBO Production A/S (level 3)	17,500	0
	18,720	**(1,173)**

The fair value of financial assets and financial liabilities measured at amortised cost is approximately equal to carrying amount, due to the short maturity of financial assets and the floating rate of the financial liabilities.

MATURITY STRUCTURE, FINANCIAL AND OPERATIONAL LIABILITIES - UNDISCOUNTED CASH FLOWS

DKK MILLION	NOMINAL AMOUNT, FUNCTIONAL CURRENCY	0-6 MONTHS	6-12 MONTHS	1-5 YEARS	5 YEARS OR LATER	TOTAL
2023						
Bank loans	238.3	100.8	5.4	160.6	0.0	266.7
Mortgage loans	25.3	1.7	1.7	13.1	13.0	29.4
Lease liabilities	62.3	8.4	8.4	34.4	23.3	74.5
Trade payables	144.7	144.7	0.0	0.0	0.0	144.7
Other liabilities	130.3	71.3	7.4	60.1	0.0	138.8
Financial and operational liabilities at 31 December 2023		**326.9**	**22.8**	**268.1**	**36.3**	**654.1**

The majority shareholder of Celebert ApS has a put option for the 55% shares in Celebert ApS. Based on the latest annual report of Celebert ApS the put option has a gross value of approximately DKK 16 million. Management estimates that the fair market value of the put option equals the gross value.

DKK MILLION	NOMINAL AMOUNT, FUNCTIONAL CURRENCY	0-6 MONTHS	6-12 MONTHS	1-5 YEARS	5 YEARS OR LATER	TOTAL
2022						
Bank loans	200.3	1.3	1.3	203.6	0.0	206.2
Mortgage loans	27.8	1.5	1.5	11.8	14.6	29.4
Lease liabilities	60.8	6.2	6.2	28.8	22.1	63.3
Trade payables	151.9	151.9	0.0	0.0	0.0	151.9
Other liabilities	51.7	47.5	3.6	0.6	0.0	51.7
Financial and operational liabilities at 31 December 2022		**208.4**	**12.6**	**244.8**	**36.7**	**502.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. REVENUE AND SEGMENT INFORMATION

The Group's business activities are managed within a single operating segment that is producing and selling kitchens, bathrooms and storage. Kitchens and related products cover products for kitchen. The result of the operating segment is monitored by the Group's management to evaluate it and to allocate resources.

DKK'000	REVENUE FROM CUSTOMERS 2023	INTANGIBLE AND TANGIBLE ASSETS 2023	REVENUE FROM CUSTOMERS 2022	INTANGIBLE AND TANGIBLE ASSETS 2022
GEOGRAPHIC AREAS				
Denmark	942,655	858,082	1,032,496	735,502
Norway	155,844	51,875	97,831	0
Other countries	12,847	0	15,725	0
	1,111,346	**909,957**	**1,146,052**	**735,502**

DKK'000	2023	2022
REVENUE BY CATEGORY		
Revenue, core business	830,792	839,719
Revenue, 3rd party	280,554	306,333
	1,111,346	**1,146,052**

Revenue consists of sale of goods and services.

In 2023 two single customers, with a revenue of respectively DKK 181 million (2022: DKK 142 million) and DKK 150 million (2022: DKK 175 million), individually exceed 10% of revenue. In 2022 one additional customer, DKK 134 million, exceeded 10% of revenue. These revenues are attributed to the kitchens, bathrooms and storage segment.

5. STAFF COSTS

TOTAL COSTS FOR EMPLOYEE BENEFITS

DKK'000	2023	2022
Salaries and other remuneration	207,697	220,387
Social security costs	4,760	5,736
Pension costs – defined contribution plans	18,470	17,356
Other staff costs	270	445
Total costs for employees	**231,197**	**243,924**

The average number of employees and number of men and women among Board members and Executive Management are described in note 6.

REMUNERATION AND OTHER BENEFITS

DKK'000	BASE SALARY, DIRECTORS FEES	VARIABLE REMUNERATION, CASH BASED (STI)	VARIABLE REMUNERATION, SHARE BASED (LTI)	OTHER BENEFITS	PENSION COSTS	TOTAL	NUMBER OF INDIVIDUALS
2023							
Board of Directors	2,625	0	0	0	0	2,625	7
Executive Management	4,561	1,000	425	398	447	6,831	2
Total	**7,186**	**1,000**	**425**	**398**	**447**	**9,456**	**9**
2022							
Board of Directors	2,375	0	0	0	0	2,375	6
Executive Management	4,642	317	48	648	398	6,053	2
Total	**7,017**	**317**	**48**	**648**	**398**	**8,428**	**8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. STAFF COSTS (CONTINUED)

	2023	2022
NUMBER OF PERFORMANCE SHARE UNITS		
As at 1 January	27,170	15,989
Granted during the year	38,596	17,427
Exercised during the year	0	0
Forfeited during the year	0	(6,246)
As at 31 December	65,766	27,170

No performance share units expired during the periods covered by the above tables.

	2023	2022
PERFORMANCE SHARE UNITS OUTSTANDING AT THE OF THE YEAR HAVE THE FOLLOWING EXPIRY DATES:		
31 March 2024	9,743	9,743
31 March 2025	17,427	17,427
31 March 2026	38,596	*0*
Total	**65,766**	**27,170**
Weighted average remaining contractual life of Performance share units outstanding at end of the period	1.69	1.89

DKK'000	2023	ESTIMATED EXERCISE RATIO	2022	ESTIMATED EXERCISE RATIO
FAIR VALUE AT 31 DECEMBER:				
Granted in 2021	275	20%	483	35%
Granted in 2022	312	28%	312	28%
Granted in 2023	1,102	73%	0	n.a.
Total	**1,689**		**795**	

Fair value is estimated based on an estimate of the expected exercise ratio out of the maximum number of Performance Share Units and the share price when the LTI program was granted (share price in 2022: DKK 39)

Employees including the Board of Directors and Executive Management have the opportunity to buy kitchens, bathrooms and storage at a discounted price. The purchases are done indirectly through an independent store. The total value of the purchases made by the Board of Directors and Executive Management was DKK 25 thousand (DKK 34 thousand) during the year.

The remuneration report for the Board of Directors and the Executive Management is available on TCM Group´s website.

Board of Directors
Remuneration to members of the Board of Directors is determined by resolutions taken at the Annual General Meeting.

Executive Management
Executive Management, which in 2023 in averaged totals 2 individuals, received salaries and pension contributions during the fiscal year amounting to DKK 5.0 million (DKK 5.0 million) plus variable remuneration and other benefits amounting to a total salary for 2023 of DKK 6.8 million (DKK 6.1 million).

In addition to basic salary, Executive Management has a Short-term Incentive program (STI) and a Long-term Incentive program (LTI) which is governed by the Remuneration policy. The STI for 2023 is capped at up to 50% of the annual basic salary and is based on annual KPIs. The bonus criterias for the STI are revenue, EBITDA and NWC ratio. The STI includes a threshold for the EBITDA target which, if not achieved, will result in no STI bonus to be paid, regardless of performance on other KPIs.

The LTI program is entirely granted to Executive Management and consists of annually commencing individual Performance Share Unit Plans with rolling three year performance periods for the periods 2021-2023, 2022-2024 and 2023-2025. When the LTI program is granted to the participants, a maximum of 50% of the annual basic salary is converted to a maximum number of performance share units based on the current share price e.g. an avarage over a 3 month period. At the end of each performance period, the performance share units may be converted into shares in TCM Group A/S, which will be granted free of charge. The performance measures for the LTI are all three-year accumulative and consist of absolute total shareholder return of the Company's share, EBITDA, and carbon emission reduction. The fair value of the LTI program is estimated on an annual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. AVERAGE NUMBER OF EMPLOYEES DURING THE PERIOD

	2023	2022
Average number of employees	445	496
Board members	7	6
Of which women	*3*	*1*
Executive Management	2	2
Of which women	*0*	*0*

The Board of Directors consists of 7 members in total at the date of approval of these consolidated financial statements.

7. AUDIT FEE

In addition to statutory audit, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, the auditors appointed at the Annual General Meeting, provides other assurance engagements and other services to the Group.

DKK'000	2023	2022
SPECIFICATION BY TYPE OF COSTS		
Statutory audit	1,448	675
Other assurance engagements	52	0
Tax and indirect taxes advisory	181	0
Other services	663	0
	2,344	**675**

The fee for non-audit services delivered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Company amounted to DKK 0.9 million in 2023 and consisted of various services, including due diligence in connection with the AUBO Production A/S acquisition. In 2022, the fee for non-audit services delivered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Company amounted to DKK 0.0 million.

8. DEPRECIATION/AMORTIZATION AND IMPAIRMENT BY FUNCTION

DKK'000	DEPRECIATION/ AMORTIZATION 2023	IMPAIRMENT 2023	DEPRECIATION/ AMORTIZATION 2022	IMPAIRMENT 2022
Cost of goods sold	18,772	0	14,567	0
Selling expenses	4,330	3,352	964	0
Administrative expenses	3,207	0	2,421	0
Non-recurring items	0	1,911	0	0
Total depreciation/amortization and impairment	**26,309**	**5,263**	**17,952**	**0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. NON-RECURRING ITEMS

DKK'000	2023	2022
Transaction costs related to business combinations	2,800	0
Impairment of ERP Project, AUBO Production A/S	1,911	0
Costs related to Covid-19 and supply chain disruptions	0	5,440
Restructuring	5,104	4,658
Net gain from the Celebert/kitchn.dk transaction	0	(3,620)
Total	**9,815**	**6,478**

Below is how the income statement (extract) would have been presented if there were not adjusted for non-recurring items:

DKK'000	2023	2022
Revenue	1,111,346	1,146,052
Cost of goods sold	(895,364)	(921,643)
GROSS PROFIT	**215,982**	**224,409**
Selling expenses	(109,073)	(80,188)
Administrative expenses	(67,523)	(52,200)
Other operating income	6,410	4,892
Operating profit	**45,796**	**96,913**

TCM Group presents non-recurring items separately to ensure comparability. Non-recurring items consist of income and expenses that are special and of a non-recurring nature. For 2023 non-recurring items consist of transaction costs related to business combinations, restructuring costs related to organisational restructuring carried out during 2023 and impairment of ERP Projekt, AUBO Production A/S.

10. FINANCIAL INCOME AND EXPENSES

DKK'000	2023	2022
FINANCIAL INCOME		
Interest income on financial assets measured at amortized costs	1,329	86
Interest income on discounted subleases	209	355
FINANCIAL EXPENSES		
Interest expense on liabilities measured at amortized costs	(20,329)	(8,493)
Interest expenses on discounted lease liabilities	(2,106)	(722)
Total	**(20,897)**	**(8,774)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. CORPORATION TAX

DKK'000	INCOME STATEMENT	OTHER COMPREHEN-SIVE INCOME	TOTAL COMPREHEN-SIVE INCOME
TAX FOR THE YEAR CAN BE SPECIFIED AS FOLLOWS:			
Current tax	7,297	(47)	7,250
Change in deferred tax during the year	(1,727)	0	(1,727)
Total	**5,570**	**(47)**	**5,523**
TAX FOR THE PREVIUS YEAR CAN BE SPECIFIED AS FOLLOWS:			
Current tax	19,140	250	19,390
Change in deferred tax during the year	(231)	0	(231)
Total	**18,909**	**250**	**19,159**

Reconciliation of the effective tax rate for the period can be specified as follows:

DKK'000	%	2023	%	2022
Tax rate	22.0	5,960	22.0	19,668
Non-taxable income	(2.6)	(703)	(0.3)	(278)
Non-deductible expenses	3.0	808	0.1	49
Other	(1.8)	(495)	(0.6)	(530)
Effective tax rate for the year	**20.6**	**5,570**	**21.2**	**18,909**

Non-taxable income primarily relates to result of associated companies and non-deductible expenses primarily relates to transaction costs in connection with acquisitions.

12. INTANGIBLE ASSETS

DKK'000	GOODWILL	BRAND	CUSTOMER CONTRACT	OTHER INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS IN PROGRESS
Opening cost at 1 January 2023	**369,796**	**171,961**	**0**	**51,718**	**12,151**
Acquisition of operations	45,554	7,500	47,500	428	3,044
Investments for the period	0	0	0	49	21,764
Transfer	0	0	0	1,383	(1,383)
Closing cost amount at 31 December 2023	**415,350**	**179,461**	**47,500**	**53,578**	**35,576**
Opening amortization and impairment at 1 January 2023	0	0	0	49,788	0
Amortization for the period	0	750	2,375	0	0
Depreciation for the period	0	0	0	967	0
Impairment for the period	3,352	0	0	0	1,911
Closing amortization and impairment at 31 December 2023	**3,352**	**750**	**2,375**	**50,755**	**1,911**
Closing carrying amount at 31 December 2023	**411,998**	**178,711**	**45,125**	**2,823**	**33,665**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. INTANGIBLE ASSETS (CONTINUED)

DKK'000	GOODWILL	BRAND	CUSTOMER CONTRACT	OTHER INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS IN PROGRESS
Opening cost at 1 January 2022	**369,796**	**171,961**	**0**	**50,831**	**2,922**
Investments for the period	0	0	0	500	9,616
Transfer	0	0	0	387	(387)
Closing cost amount at 31 December 2022	**369,796**	**171,961**	**0**	**51,718**	**12,151**
Opening amortization and impairment at 1 January 2022	0	0	0	49,192	0
Amortization for the period	0	0	0	0	0
Depreciation for the period	0	0	0	596	0
Impairment for the period	0	0	0	0	0
Closing amortization and impairment at 31 December 2022	**0**	**0**	**0**	**49,788**	**0**
Closing carrying amount at 31 December 2022	**369,796**	**171,961**	**0**	**1,930**	**12,151**

IMPAIRMENT TESTING OF GOODWILL AND BRAND

At the end of 2023, recognized goodwill amounted to DKK 412.0 million (DKK 369.8 million) and recognized brand value amounted to DKK 178.7 million (DKK 172.0 million).

Goodwill is allocated to a cash generating unit (CGU) when the unit is acquired. TCM Group A/S currently has two CGU's - TCM Group from the acquistion of TCM Group in 2016, and AUBO from the acquisition of AUBO Production A/S in 2023. Both CGU's are part of the Groups operating segment "Producing and selling kitchens, bathrooms and storage".

Acquired goodwil in 2023 relates to the acquisition of AUBO Production A/S, DKK 42.2 million, and goodwill arising from the acquisition of Svane Alnabru AS DKK 3.4 million. Due to the historic financial performance of Svane Alnabru AS the goodwill identified upon acquisition was fully impaired as of the acquisition date, and has been recognized as part of selling expenses.

Goodwill is subject to an annual impairment test by calculating the expected recoverable amount of the CGU. The recoverable amount is calculated as the expected cash flow discounted by a weighted average cost of capital (WACC) after tax for the CGU. The recoverable amount, calculated in conjunction with this, is compared with the carrying amount, for the CGU. The starting point of the calculation is the estimated future cash flows based on the financial budget for the forthcoming fiscal year. A forecast for the next four years is prepared based on this budget and expectations regarding market trends in the years ahead, which reflects previous experience.

When calculating the expected cash flow, significant assumptions applied include expected demand, growth in net sales, operating margin and working capital and CAPEX requirements. Various macro economic indicators, including but not limited to data related to sales of residential properties in the markets where the Group operates, are used to analyse the business climate, as well as external and internal analysis of these. The assumptions are also based on the impact of the Group's long-term strategic initiatives, comprising the differentiated brands, central sourcing, manufacturing and product development. In order to extrapolate the cash flows beyond the first five years, a growth rate of 2% (2%) is applied.

The weighted average cost of capital is calculated on the average debt/equity ratio for large companies in similar industries and costs of debt and equity. The cost of share holders' equity is determined on the basis of the assumption that all investors require at least the same level of return as for risk-free government bonds, with an additional risk premium for the estimated risks assumed when they invest in cash generating units. The required return on debt financed capital is also calculated on the return on risk-free government bonds and by applying a borrowing margin based on an estimated company-specific risk. The current tax rate of 22% is applied.

In 2023, the Group's weighted cost of capital before tax amounted to 12.0% (12.3%) and after tax 9.9% (9.6%).

The acquisition value of the Svane Brand, DKK 172.0 million, is subject to an annual impairment test by a relief from royalty test. The recovarable amount is calculated based on the expected cash flow based on the budget for the forthcoming fiscal year and a forecast for the next four years, a royalty of the expected brand revenue, discounted by a weighted avarage cost of capital (WACC) after tax. WACC is based on similer assumptions as with regards to the above. The recoverable amount is compared with the carrying amount. The acquisition value of the AUBO brand is amortized over the expected useful life which has been set at 5 years.

Apart from the impairment of goodwill related to Svane Alnabru AS, testing of goodwill and brand did not lead to any impairment in 2023 or 2022. In management's assessment, likely changes in the basic assumptions will not lead to the carrying amount exceeding the recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. TANGIBLE ASSETS

DKK'000	BUILDINGS	LAND AND LAND IMPROVE-MENTS	TANGIBLE ASSETS UNDER CONSTRUCTION AND PREPAYMENTS	MACHINERY AND OTHER TECHNICAL EQUIPMENT	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS
Opening cost at 1 January 2023	**94,484**	**12,405**	**1,119**	**65,588**	**10,413**
Acquisition of operations	30,811	1,777	0	11,499	2,811
Investments for the period	4,088	66	6,130	10,621	716
Transfer	0	0	(1,119)	1,119	0
Disposals for the period	0	0	0	0	(419)
Closing cost amount at 31 December 2023	**129,383**	**14,248**	**6,130**	**88,828**	**13,521**
Opening depreciation and impairment at 1 January 2023	11,762	0	0	23,046	4,706
Disposals for the period	0	0	0	0	(335)
Depreciation for the period	2,943	0		11,797	2,012
Closing depreciation and impairment at 31 December 2023	**14,705**	**0**	**0**	**34,843**	**6,383**
Closing carrying amount at 31 December 2023	**114,678**	**14,248**	**6,130**	**53,985**	**7,138**
Opening cost at 1 January 2022	**80,037**	**6,988**	**11,773**	**56,020**	**6,616**
Investments for the period	5,459	5,416	1,119	6,792	3,806
Transfer	8,988	0	(11,773)	2,786	
Disposals for the period		0	0	(10)	(9)
Closing cost amount at 31 December 2022	**94,484**	**12,405**	**1,119**	**65,588**	**10,413**
Opening depreciation and impairment at 1 January 2022	9,711	0	0	13,496	3,329
Disposals for the period	0	0	0	(10)	0
Depreciation for the period	2,051	0	0	9,560	1,377
Closing depreciation and impairment at 31 December 2022	**11,762**	**0**	**0**	**23,046**	**4,706**
Closing carrying amount at 31 December 2022	**82,722**	**12,405**	**1,119**	**42,542**	**5,707**

No impairment was charged to tangible assets in 2023 or 2022.

14. LEASES

RIGHT-OF-USE ASSETS

DKK'000	RENTAL OF PREMISES	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	TOTAL
Opening cost at 1 January 2023	**41,430**	**9,791**	**51,221**
Acquisition of operations	8,198	185	8,383
Additions	644	2,751	3,395
Disposals for the period	0	(1,719)	(1,719)
Closing cost amount at 31 December 2023	**50,272**	**11,008**	**61,280**
Opening depreciation and impairment at 1 January 2023	9,429	6,623	16,052
Disposals for the period	0	(1,719)	(1,719)
Depreciation for the period	3,327	2,162	5,489
Closing depreciation and impairment at 31 December 2023	**12,756**	**7,066**	**19,822**
Closing carrying amount at 31 December 2023	**37,516**	**3,942**	**41,458**

DKK'000	RENTAL OF PREMISES	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	TOTAL
Opening cost at 1 January 2022	**14,933**	**8,631**	**23,564**
Additions	26,847	1,726	28,573
Disposals for the period	(350)	(566)	(916)
Closing cost amount at 31 December 2022	**41,430**	**9,791**	**51,221**
Opening depreciation and impairment at 1 January 2022	7,145	5,295	12,440
Disposals for the period	(210)	(547)	(757)
Depreciation for the period	2,494	1,875	4,369
Closing depreciation and impairment at 31 December 2022	**9,429**	**6,623**	**16,052**
Closing carrying amount at 31 December 2022	**32,001**	**3,168**	**35,169**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. LEASES (CONTINUED)

LEASE RECEIVABLES

Subleases are specified as follows:

	2023		2022	
DKK'000	BOOK VALUE	UNDISCOUNTED VALUE	BOOK VALUE	UNDISCOUNTED VALUE
Falling due for payment within one year	8,488	8,727	8,312	8,521
Falling due for payment within one and two years	5,205	5,289	5,173	5,314
Falling due for payment within two and three years	5,257	5,289	5,332	5,420
Falling due for payment within three and four years	376	378	5,495	5,528
Falling due for payment within four and five years	0	0	396	397
Falling due for payment later	0	0	0	0
Total	**19,326**	**19,683**	**24,708**	**25,180**

Subleases falling due for payment later than one year is presented as financial assets. Subleases falling due for payment within one year are presented as current receivables, but are not included in the calculation of net working capital.

LEASE LIABILITIES

DKK'000	2023	2022
Opening balance, 1 January	60,786	26,411
Non-cash change		
Acquisition of operations	8,383	0
New lease liabilities	3,393	28,573
Terminated leases	0	(158)
Subleases settled directly from the franchisee	(5,380)	10,028
	6,396	**38,443**
Financing cash flows		
Repayment of loans	(4,835)	(4,068)
	(4,835)	**(4,068)**
Closing balance, 31 December	**62,347**	**60,786**

In 2023, the total amount of cash flows related to lease liabilities was DKK -6.7 million (DKK -4.4 million in 2022), of which the interest payments related to the recognized lease liabilities were DKK 1.9 million (DKK 0.3 million) and repayments DKK 4.8 million (DKK 4.1 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. LEASES (CONTINUED)

DKK'000	2023	2022
Maturity of contractual cash flow		
0-6 months	8,413	6,354
6-12 months	8,368	6,209
1-5 years	34,408	28,757
5 years or later	23,261	22,087
	74,450	**63,407**

DKK'000	2023	2022
Amounts recognized in the income statement		
Cost of short term leases	1,322	1,256
Variable leasing costs that are not included in leasing liabilities	138	138
	1,460	**1,394**

TCM Group leases varius assets such as production buildings, warehouses, office buildings, store buildings, company cars etc.

The portfolio of lease commitments for short-term leases, at the end of the year, is similar to the portfolio of short-term leases that have been expensed during the period.

TCM Group has not entered into any significant leases, not yet commenced, to which TCM Group is committed (DKK 10.9 million in 2022).

15. INVESTMENTS IN ASSOCIATED COMPANIES

DKK'000	2023	2022
Cost at start of year	61,178	61,178
Additions	153	0
Divestment	(61)	0
Carrying amount at end of year	**61,270**	**61,178**
Value adjustments at start of year	(12,477)	(13,740)
Impairment	(153)	0
Dividend received	(2,250)	0
Share of profit/(loss)	1,543	0
Divestment	61	1,263
Value adjustments at end of year	**(13,276)**	**(12,477)**
Carrying amount as at end of year	**47,994**	**48,702**

The associated company Celebert ApS sells kitchens online and has balance sheet date as at 30th of June. As of 30 June 2023 Celebert ApS had a gross profit of DKK 12 million and a net profit of DKK 2 million. As of 30 June 2023 assets in Celebert ApS amounted to DKK 39 million of which DKK 10 million was current assets. As of 30 June 2023 short-term liabilities amounted to DKK 5 million.

At the end of 2023, recognized goodwill related to associated companies amounted to DKK 45.7 million (DKK 45.7 million). No impairment was charged to goodwill related to associated companies in 2023 and 2022.

The associated company Svane Alnabru AS operates the Svane Køkkenet Alnabru store in Oslo, Norway. As of 31 december 2023 Svane Alnabru AS had a gross profit on DKK 4 million and a net loss of DKK 2 million. As of 31 December 2023 assets in Svane Alnabru AS amounted to DKK 5 million of which DKK 2 million was current assets. As of 31 December 2023 short-term liabilities amounted to DKK 4 million.

Due to the financial situation of Svane Alnabru as of 3 July 2023 the investment was fully impaired, leading to an impairment charge of DKK 0.2 million. In the same time identified goodwill DKK 3.5 million was impaired cf. note 12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. OTHER FINANCIAL ASSETS

DKK'000	2023	2022
Other financial assets		
Receivables falling due in 12 month or later	9,714	9,450
Deposits	1,310	970
Total	**11,024**	**10,420**

17. INVENTORIES

DKK'000	2023	2022
Raw materials and consumables	51,830	41,075
Semi-finished products	35,508	29,647
Finished products	10,334	11,180
Total write-down of inventories	(5,135)	(1,200)
	92,537	**80,702**

Costs of goods sold recognized as an expense during the period are DKK 893.0 million (DKK 915.4 million) and write downs of inventory recognized as an expence during the period are DKK 2.6 million (DKK 0.0 million).

18. PREPAID EXPENSES AND ACCRUED INCOME

DKK'000	2023	2022
Other prepaid expenses	1,180	2,932
Total	**1,180**	**2,932**

19. SHARE CAPITAL

SHARE CAPITAL	NO. OF REGISTERED SHARES	NO. OF SHARES OUTSTANDING	NOMINAL VALUE
As of 1 January 2023	9,142,294	9,142,294	914,229
Rights issue	1,371,344	1,371,344	137,135
As of 31 December 2023	**10,513,638**	**10,513,638**	**1,051,364**
As of 1 January 2022	10,000,000	10,000,000	1,000,000
Reduction of share capital	(857,706)	(857,706)	(85,771)
As of 31 December 2022	**9,142,294**	**9,142,294**	**914,229**

Share capital amounted to nominal DKK 1,051,364. The share's nominal value is DKK 0,1. All of the registered shares are fully paid. All shares are ordinary shares of the same type.

TREASURY SHARES	NO. OF SHARES	NOMINEL VALUE	PURCHARES PRICE	% OF SHARES
As of 1 January 2023	75,000	7,500	12,087	0.8
As of 31 December 2023	**75,000**	**7,500**	**12,087**	**0.7**
As of 1 January 2022	832,227	83,223	135,976	8.3
Purchase of treasury shares	100,479	10,048	14,368	1.0
Reduction of share capital	(857,706)	(85,771)	(138,257)	(8.6)
As of 31 December 2022	**75,000**	**7,500**	**12,087**	**0.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. VALUE ADJUSTMENTS OF CURRENCY HEDGES

DKK'000	VALUE ADJUSTMENT OF CASH FLOW HEDGES 2023	TOTAL 2023	VALUE ADJUSTMENT OF CASH FLOW HEDGES 2022	TOTAL 2022
Opening balance	**(916)**	**(916)**	**(29)**	**(29)**
Value adjustments of currency hedges before tax	(47)	(47)	(1,137)	(1,137)
Tax on value adjustments of currency hedges	11	11	250	250
Tax related to prior years	36	36	0	0
Closing balance	**(916)**	**(916)**	**(916)**	**(916)**

HEDGING RESERVE

The fair value adjustment of unrealized gains/losses of the forward exchange contracts is adjusted in equity.

The forward exchange contracts, which have been entered into with the company's usual bank connection, cover a period 0-12 months from the balance sheet date.

21. EARNINGS PER SHARE

EARNINGS PER SHARE BEFORE DILUTION

Earnings per share before dilution are calculated by dividing profit attributable to the shareholders by the weighted average number of outstanding ordinary shares during the period.

	2023	2022
Profit attributable to shareholders (DKK'000)	21,522	70,493
Weighted average number of outstanding ordinary shares before dilution	9,767,408	9,074,847
Earnings per share before dilution (DKK)	2.20	7.77

EARNINGS PER SHARE AFTER DILUTION

To calculate earnings per share after dilution, the weighted average number of outstanding ordinary shares were adjusted for the dilution effect of all potential ordinary shares. These potential ordinary shares were attributable to the Long-term Incentive program (LTI) that were allotted to the Executive Management in 2021, 2022 og 2023. Refer to note 5.

If all the performance targets set for the first plan, PSU 2021-2023, 2022-2024 og 2023-2025, are fully achieved, the aggregate allocated maximum number of share units and, accordingly, shares to be awarded 65,766 shares (gross earning).

	2023	2022
Weighted average number of outstanding ordinary shares	9,767,408	9,074,847
Management performance share scheme	14,578	8,290
Weighted average number of outstanding ordinary shares after dilution	9,781,986	9,083,137
Earnings per share after dilution	2.20	7.76

22. DIVIDEND

The Board of Directors proposes to the Annual General Meeting that no dividend is distributed for the year 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. DEFERRED TAX

DKK'000	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET
Opening balance, 1 January 2023	0	53,393	53,393
Acquisition of operations	0	16,366	16,366
Recognized in net profit for the year	**0**	(1,727)	(1,727)
Closing balance, 31 December 2023	**0**	**68,032**	**68,032**
Opening balance, 1 January 2022	0	53,692	53,692
Recognized in net profit for the year	0	(299)	(299)
Closing balance, 31 December 2023	**0**	**53,393**	**53,393**

The change in deferred tax liabilities for the period:

DEFERRED TAX LIABILITIES

DKK'000	TEMPORARY DIFFERENCES IN INTANGIBLE ASSETS	TEMPORARY DIFFERENCES TANGIBLE ASSETS	TEMPORARY DIFFERENCES INVENTORY	TEMPORARY DIFFERENCES RECEIVABLES	TEMPORARY DIFFERENCES MORGAGE DEBT	TOTAL
As of 1 January 2023	**39,406**	**14,467**	**595**	**(666)**	**(409)**	**53,393**
Acquisition of operations	12,639	3,352	132	262	(19)	16,366
Recognized in net profit for the year	(1,410)	516	(223)	(628)	18	(1,727)
As of 31 December 2023	**50,635**	**18,335**	**504**	**(1,032)**	**(410)**	**68,032**
As of 1 January 2022	**39,391**	**14,315**	**543**	**(179)**	**(378)**	**53,692**
Recognized in net profit for the year	15	152	52	(487)	(31)	(299)
As of 31 December 2022	**39,406**	**14,467**	**595**	**(666)**	**(409)**	**53,393**

Corporation tax-rate in Denmark for the year is 22.0%. There are no loss carryforwards.

24. BANK LOANS AND MORTGAGE LOANS

DKK'000	2023	2022
MATURITY STRUCTURE		
Within 1 year	95,511	203,095
Between 1 and 5 years	156,442	11,028
Longer than 5 years	11,631	14,032
Total	**263,584**	**228,156**

Refer to note 3 for additional information regarding bank loans and mortgage loans.

25. FINANCIAL ASSETS AND LIABILITIES

2023 DKK'000	DERIVATIVE HEDGING INSTRUMENTS MEASURED AT FAIR VALUE	FINANCIAL ASSETS MEASURED AT AMORTIZED COST	FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST	TOTAL CARRYING AMOUNT
Other long-term receivables	0	6,861	0	6,861
Trade receivable	0	84,748	0	84,748
Cash and cash equivalents	0	13,285	0	13,285
Total	**0**	**104,894**	**0**	**104,894**
Long-term interest-bearing liabilities	0	0	200,706	200,706
Current interest-bearing liabilities	0	0	125,226	125,226
Accounts payable	0	0	144,710	144,710
Long-term other liabilities	0	0	52,500	52,500
Short-term current other liabilities	1,220	0	77,161	78,381
Total	**1,220**	**0**	**600,303**	**601,523**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

2022 DKK'000	DERIVATIVE HEDGING INSTRUMENTS MEASURED AT FAIR VALUE	FINANCIAL ASSETS MEASURED AT AMORTIZED COST	FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST	TOTAL CARRYING AMOUNT
Other long-term receivables	0	10,420	0	10,420
Trade receivable	0	40,984	0	40,984
Cash and cash equivalents	0	4,392	0	4,392
Total	**0**	**55,796**	**0**	**55,796**
Long-term interest-bearing liabilities	0	0	73,873	73,873
Current interest-bearing liabilities	0	0	215,068	215,068
Accounts payable	0	0	151,892	151,892
Long-term other liabilities	0	0	587	587
Short-term current other liabilities	1,116	0	50,095	51,211
Total	**1,116**	**0**	**491,515**	**492,631**

26. ACQUISITION OF OPERATIONS (BUSINESS COMBINATIONS)

2023: ACQUISITION OF AUBO PRODUCTION A/S

On 3 July 2023, TCM Group A/S acquired 100% of the share capital of AUBO Production A/S. The acquisition supports TCM Group´s strategy of strengthening the market position of TCM in the core markets and grow the presence of TCM in Norway.

	DKK'000
PURCHASE CONSIDERATION	
Cash paid	105,142
Ordinary shares issued	10,000
Vender note	35,000
Contingent consideration	18,500
Purchase price	**168,642**

The fair value of the 149,925 shares issued as part of the consideration paid for AUBO Production A/S (DKK 10.0 million) was DKK 66.7 per share based on the share value calculated as the volume-weighted average closing price as shown by Nasdaq Copenhagen between and including 19 June 2023 and 23 June 2023.

Contingent consideration of potential DKK 60 million is linked to the performance of the company going forward. The fair value of the contingent consideration at acquisition was estimated at DKK 18.5 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. ACQUISITION OF OPERATIONS (BUSINESS COMBINATIONS) (CONTINUED)

DKK'000	FAIR VALUE	ACQUIRED CARRYING AMOUNT
ASSETS AND LIABILITIES INCLUDED IN THE ACQUISITION		
Cash and cash equivalents	4,351	4,351
Tangible assets	55,370	46,987
Intangible assets	3,383	3,383
Intangible assets: Customer contract	47,500	0
Intangible assets: Brand value	7,500	0
Financial assets	1,062	1,062
Inventories	34,865	34,265
Trade receivable and other receivables	65,164	65,164
Accounts payable and other operating liabilities	(42,061)	(42,061)
Tax payable	(9,101)	(9,101)
Debt to parent company	(16,843)	(16,843)
Other interest-bearing liabilities	(8,383)	0
Deferred taxes, net	(16,367)	(4,135)
Net identifiable assets acquired	**126,440**	**83,072**
Goodwill	42,202	
Net assets acquired	**168,642**	

Goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

Revenue attributable to AUBO Production A/S since the date of acquisition amounts to DKK 117.0 million and net profit amounts to DKK 1.5 million.

If the acquisition had occurred on 1 January 2023, consolidated pro-forma revenue and profit for the period ended 31 December 2023 would have been approximately DKK 260 million and DKK 6 million respectively.
These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2023, together with the consequential tax effects.

Fair value of trade receivable amounts to DKK 57.3 million. The gross contractual receivables amount to DKK 57.3 million of which DKK 0.0 million is considered uncollectible.

	DKK'000
PURCHASE CONSIDERATION - CASH OUTFLOW	
Purchase consideration paid in cash	105,142
Cash and cash equivalents in acquired subsidiaries	(4,351)
Reduction in the Group's cash and cash equivalents in conjunction with acquisition	**100,791**

Transaction costs for the acquisition amounted to DKK 2.8 million and are presented under non-recurring items. Of the transaction costs DKK 2.8 million was recognized in Q2 2023.

2022: ACQUISITION OF OPERATIONS

There were no acquisitions in the year ending 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. ACQUISITION OF OPERATIONS (ASSOCIATED COMPANIES)

2023: ACQUISITION OF SVANE ALNABRU AS

On 3 July 2023, TCM Group acquired 100% of the shares in Svane Alnabru AS. The company operates the strategicially important Svane Køkkenet Alnabru store Oslo, Norway. The purchase price amounted to DKK 0.2 million. Goodwill identified upon acquisition DKK 3.4 million was fully impaired as of the acquisition date due to the historic financial performance of the company.

On 1 September 2023 TCM Group sold 40% of the shares in Svane Alnabru AS for an amount of DKK 0.9 million.

2022: ACQUISITION OF 45% AF CELEBERT APS

On 6 July 2021, TCM Group entered into a strategic partnership with, and acquired stake in the fast growing Danish e-commerce kitchn business Celebert. TCM Group merged its e-commerce activities in kitchn.dk with the activities of Celebert and has initially acquired a 45% stake in Celebert.

Final settlement of earn out amounted to DKK 2.2 million in 2022.

28. CHANGES IN LIABILITIES ATTRIBUTABLE TO THE FINANCING ACTIVITIES

DKK'000	MORTGAGE LOANS	BANK LOANS	TOTAL
Opening balance, 1 January 2023	27,825	200,329	228,154
Financing cash flows			
Proceeds from loans	0	149,625	149,625
Repayment of loans	(2,571)	0	(2,571)
Changes in cash pool	0	(111,626)	(111,626)
	(2,571)	**37,999**	**35,428**
Closing balance, 31 December 2023	**25,255**	**238,328**	**263,582**

DKK'000	MORTGAGE LOANS	BANK LOANS	TOTAL
Opening balance, 1 January 202	30,629	160,701	191,330
Financing cash flows			
Repayment of loans	(2,805)	0	(2,805)
Changes in cash pool	0	39,628	39,628
	(2,805)	**39,628**	**36,823**
Closing balance, 31 December 2022	**27,825**	**200,329**	**228,153**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

The Group has, in respect of the it's commitment to Nykredit, issued a pledge ban on the Group' assets.

The Group has, in respect of it's financing agreements with Nykredit, provided a pledge over company assets of DKK 75 million with charge over goodwill, tangible assets (excluding land and buildings), inventories and trade receivables. The carrying amount of the pledged assets as of 31 December 2023 is DKK 304.3 million.

For collateral for debt to mortgage lender, DKK 25.3 million (DKK 27.8 million), pledges have been provided in land and buildings with a carrying amount as of 31 December 2023 amounting to DKK 96.7 million (DKK 95.1 million).

Guarantees related to AB92 - provisions of work and supplies within building and engineering – amount to a total of DKK 1.0 million (DKK 1.4 million).

The Group has contingent liabilities pertaining to sub-contractor guarantees that arise in normal commercial operations. No significant liabilities are expected to arise through these contingent liabilities.

Other bank guarantees amount in total to DKK 0.3 million (DKK 0.3 million).

The Group has given a Garentee of maximum 12 months rent to a third party, corresponding to DKK 2.2 million.

30. RELATED PARTY TRANSACTIONS

RELATED PARTIES WITH A CONTROLLING INTEREST

As at 31 December 2023, there are no related parties with a controlling interest in the Company.

TRANSACTIONS BETWEEN RELATED PARTIES

During the financial period, the Group has had the following transactions with related parties:

Referring to note 5: Remuneration to Executive Management and Board of Directors.

The Group has had transactions with the associated company Celebert ApS. Trancactions related to sales amounted to DKK 27.3 million (DKK 20.2 million) and transactions related to administration fees amounted to DKK 0.2 million (DKK 0.2 million).

The Group has had transactions with the associated company Svane Alnabru AS. Trancactions related to sales amounted to DKK 2.2 million.

There are no other transactions with related parties.

31. EVENTS AFTER THE BALANCE SHEET DATE

No subsequent events have occurred that materially affect TCM Group's financial position.

32. COMPANIES IN THE TCM GROUP

	BUSINESS REGISTRATION NO	DOMICILE	SHARE OF EQUITY
PARANT COMPANY			
TCM Group A/S	37291269	Holstebro	
SUBSIDIARIES			
TCM Operations A/S	75924712	Holstebro	100%
AUBO Production A/S	28854846	Aulum	100%
ASSOCIATED COMPANIES			
Celebert ApS	27428959	Aalborg	45%
Svane Alnabru AS	916636849	Oslo, Norway	60%*

* Due to specific conditions in the agreement with the minority shareholder, Svane Alnabru AS is considered an associated company despite TCM Group A/S owning 60% of the shares in the Company.

DEFINITIONS

KEY FIGURES

Key figures and financial ratios have been defined and calculated as stated below:

Following key figures are not directly derived from the face of the income statement or balance sheet and as such are defined as follows:

Adjusted EBITDA:	Operating profit before non-recurring items (Adjusted EBIT) plus depreciation and amortization.
Adjusted EBIT:	Operating profit before non-recurring items (Adjusted EBIT).
Net interest-bearing debt:	Current and non-current interest-bearing loans and borrowings less interest-bearing receivables and cash and cash equivalents.
Net working capital:	The sum of inventories, trade receivables, other receivables (excluding subleases) and prepayments less the sum of prepayments from costumers, trade payables and other liabilities.

RATIOS:

Ratio	Calculation formula
Gross margin	Gross profit * 100 Revenue
EBITDA margin	EBITDA * 100 Revenue
Adjusted EBITDA margin	Adjusted EBITDA * 100 Revenue
Adjusted EBIT margin	Adjusted EBIT * 100 Revenue
EBIT margin	EBIT * 100 Revenue
Solvency ratio	Equity * 100 Balance sheet total
Leverage ratio	Net interest-bearing debt excluding tax liabilities 12 months adjusted EBITDA
NWC ratio	Net working capital (1) * 100 12 months revenue
Capex ratio excl. acquisitions	Capex ratio excluding acquisitions is calculated as investments in tangible assets (capex) divided with revenue. Capex is exclusive investments in connection with acquisitions.
Cash conversion ratio	Cash conversion ratio is calculated as adjusted EBITDA less the change in net working capital (1) and capex excluding acquisitions divided by adjusted EBITDA. The ratio is for the last twelve months.

The definition and calculation formula for earnings per share before and after dilution can be found in note 21 in the consolidated financial statements.

(1) Net working capital is adjusted with assets and liabilities held for sale.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

STATEMENT OF COMPREHENSIVE INCOME

DKK'000	NOTE	2023	2022
Revenue		10,575	7,296
Gross profit		**10,575**	**7,296**
Administrative expenses	2,3	(14,407)	(10,080)
Other operating income		1,000	0
Operating loss before non-recurring items		**(2,832)**	**(2,784)**
Non-recurring items	4	(2,800)	(1,099)
Operating loss		**(5,632)**	**(3,883)**
Dividend from subsidiaries		50,000	115,000
Financial income	5	9,200	2,283
Financial expenses	5	(16,554)	(6,332)
Profit before tax		**37,014**	**107,068**
Tax for the year	6	2,448	1,742
Net profit for the year		**39,463**	**108,810**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Value adjustments of cash-flow hedges before tax		0	0
Tax on value adjustments of cash-flow hedges		0	0
Other comprehensive income for the year		**0**	**0**
Total comprehensive income		**39,463**	**108,810**

BALANCE SHEET AS OF 31 DECEMBER

DKK'000	NOTE	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries	7	665,399	496,756
Financial non-current assets		**665,399**	**496,756**
Total non-current assets		**665,399**	**496,756**
CURRENT ASSETS			
Receivables from subsidiaries		159,823	111,641
Other receivables		138	80
Deferred tax assets		185	66
Tax receivables		0	0
Prepaid expenses and accrued income		13	1,556
Total current assets		**160,159**	**113,343**
Cash and cash equivalents		0	0
Total current assets		**160,159**	**113,343**
Total assets		**825,558**	**610,099**

BALANCE SHEET AS OF 31 DECEMBER (CONTINUED)

DKK'000	NOTE	2023	2022
EQUITY AND LIABILITIES			
Share capital		1,051	914
Treasury shares		(12,087)	(12,089)
Retained earnings		541,991	415,164
Proposed dividend for the financial year		0	0
Total equity		**530,955**	**403,989**
Bank loans	8	145,346	0
Other payables		52,500	587
Total long-term liabilities		**197,846**	**587**
CURRENT LIABILITIES			
Bank loans	8	92,982	200,329
Trade payables		1,044	1,734
Payables to subsidiaries		0	0
Current tax liabilities		104	3,460
Other payables		2,627	0
Total current liabilities		**96,757**	**205,523**
Total liabilities		**294,603**	**206,110**
Total equity and liabilities		**825,558**	**610,099**

CHANGES IN SHAREHOLDERS' EQUITY

DKK'000	SHARE CAPITAL	TREASURY SHARES	RETAINED EARNINGS	PROPOSED DIVIDEND	TOTAL
Opening balance 01.01.2023	**914**	**(12,087)**	**415,164**	**0**	**403,991**
Net profit for the year	0	0	39,463	0	39,463
Total comprehensive income for the year	**0**	**0**	**39,463**	**0**	**39,463**
Share based incentive program	0	0	471	0	471
Rights issue	137	0	88,644	0	88,781
Cost related to rights issue	0	0	(1,751)	0	(1,751)
Closing balance 31.12.2023	**1,051**	**(12,087)**	**541,991**	**0**	**530,955**
Opening balance 01.01.2022	**1,000**	**(135,976)**	**444,421**	**54,404**	**363,849**
Net profit for the year			108,810	0	108,810
Total comprehensive income for the year	**0**	**0**	**108,810**	**0**	**108,810**
Dividend paid	0	0	0	(54,404)	(54,404)
Share based incentive program	0	0	104	0	104
Purchase of treasury shares	0	(14,368)	0	0	(14,368)
Reduction of share capital	(86)	138,257	(138,171)	0	0
Closing balance 31.12.2022	**914**	**(12,087)**	**415,164**	**0**	**403,991**

CASH FLOW STATEMENT

DKK'000	NOTE	2023	2022
OPERATING ACTIVITIES			
Operating loss		(5,632)	(3,883)
Other non-cash operating items		471	0
Income tax paid		(10,656)	(15,326)
Change in operating receivables		(37,171)	(59,144)
Change in operating liabilities		455	(3,464)
Cash flow from operating activities		**(52,533)**	**(81,817)**
Investments in subsidiaries		(105,143)	0
Dividend received		50,000	115,000
Cash flow from investing activities		**(55,143)**	**115,000**
Interest paid		(16,554)	(6,332)
Interest recieved		9,200	2,283
Proceeds and repayment of loans	8	37,999	39,628
Purchase of treasury shares		0	(14,370)
Rights issue, net proceeds		77,031	**0**
Dividend paid		0	(54,404)
Cash flow from financing activities		**107,676**	**(33,195)**
Cash flow for the year		**0**	**(12)**
Cash at start of year		0	12
Cash flow for the year		0	(12)
Cash at end of year		**0**	**0**

NOTES TO THE PARENT FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Determining the carrying amount of certain assets and liabilities requires an estimate of how future events will affect the value of those assets and liabilities at the balance sheet date. Estimates that are significant to the Parent's financial reporting are made, for instance, related to valuation of investments in subsidiaries, which constitute a major share of the Parent's total assets.

Investments in subsidiaries are tested for impairment if events or other circumstances indicate that the carrying amount is not recoverable. Measuring investments in subsidiaries requires significant estimates to be made when making different assumptions, including expected future cash flows, discount rate and terminal value growth rates. The sensitivity to changes in the assumptions applied collectively and individually – may be significant.

NOTES TO THE PARENT FINANCIAL STATEMENTS (CONTINUED)

2. STAFF COSTS

DKK'000	2023	2022
TOTAL COSTS FOR EMPLOYEE BENEFITS		
Salaries and other remuneration	9,055	6,505
Social security costs	12	1
Pension costs – defined contribution plans	447	399
Total costs for employees	**9,514**	**6,905**

Further employee benefits for executive management a.o. company car, phone etc. are presented as administration costs.

REMUNERATION AND OTHER BENEFITS

DKK'000	BASE SALARY, DIRECTORS FEES	VARIABLE RE-MUNERATION, CASH BASED (STI)	VARIABLE RE-MUNERATION, SHARE BASED (LTI)	OTHER BENEFITS	PENSION COSTS	TOTAL	NUMBER OF INDIVIDUALS
2023							
Board of Directors	2,625	0	0	0	0	2,625	7
Executive Management	4,561	1,000	425	398	447	6,831	2
Total	**7,186**	**1,000**	**425**	**398**	**447**	**9,456**	**9**
2022							
Board of Directors	2,375	0	0	0	0	2,375	6
Executive Management	4,642	317	48	648	398	6,053	2
Total	**7,016**	**317**	**48**	**682**	**398**	**8,428**	**8**

Refering to note 5 of the consolidated financial statement for description of the Short-term Incentive program (STI) and Long-term Incentive program (LTI).

3. AUDIT FEE

In addition to statutory audit, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, the auditors appointed at the Annual General Meeting, provides other assurance engagements and other services to the Group.

DKK'000	2023	2022
SPECIFICATION BY TYPE OF COSTS		
Statutory audit	788	255
Other assurance engagements	36	0
Tax and indirect taxes advisory	157	0
Other services	659	0
	1,640	**255**

The fee for non-audit services delivered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Company amounted to DKK 0.9 million in 2023 and consisted of various services, including due diligence in connection with the AUBO Production A/S acquisition. In 2022, the fee for non-audit services delivered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Company amounted to DKK 0.0 million.

4. NON-RECURRING ITEMS

DKK'000	2023	2022
Transaction costs related to business combinations	2,800	0
Restructuring	0	1,099
Total	**2,800**	**1,099**

Below is how the income statement (extract) would have been presented if there were not adjusted for non-recurring items:

DKK'000	2023	2022
Revenue	10,575	7,296
Gross profit	**10,575**	**7,296**
Administrative expenses	(17,207)	(11,179)
Other operating income	1,000	0
Operating profit	**(5,632)**	**(3,883)**

TCM Group presents non-recurring items separately to ensure comparability. Non-recurring items consist of income and expenses that are special and of a non-recurring nature. For 2023 non-recurring items consist of transaction costs related to business combinations.

NOTES TO THE PARENT FINANCIAL STATEMENTS (CONTINUED)

5. FINANCIAL INCOME AND EXPENSES

DKK'000	2023	2022
FINANCIAL INCOME		
Interest income from subsidiaries	9,200	2,283
FINANCIAL EXPENSES		
Interest expense on liabilities measured at amortized costs	(16,554)	(6,332)
Total	**(7,354)**	**(4,049)**

6. CORPORATION TAX

DKK'000	INCOME STATEMENT	OTHER COMPREHEN-SIVE INCOME	TOTAL COMPREHEN-SIVE INCOME
Tax for the year can be specified as follows:			
Current tax	2,329	0	2,329
Change in deferred tax during the year	119	**0**	119
Total	**2,448**	**0**	**2,448**
Tax for the previus year can be specified as follows:			
Current tax	1,742	0	1,742
Total	**1,742**	**0**	**1,742**

Reconciliation of the effective tax rate for the year can be specified as follows:

DKK'000	%	2023	%	2022
Tax rate	22.0	8,143	22.0	23,555
Non-taxable income	(30.3)	(11,220)	(23.6)	(25,300)
Non-deductible expenses	1.7	629	0.0	4
Effective tax rate for the year	**(6.6)**	**(2,448)**	**(1.6)**	**(1,741)**

Non-taxable income relates primarily to dividend from subsidiaries.

7. INVESTMENTS IN SUBSIDIARIES

DKK'000	2023	2022
INVESTMENTS IN SUBSIDIARIES		
Cost at start of year	496,756	496,756
Acquisition during the year	168,643	0
Cost at end of year	**665,399**	**496,756**
Carrying amount at end of year	**665,399**	**496,756**

Investments in subsidiaries comprise:
TCM Operations A/S, 100%
AUBO Production A/S, 100%

Refer to note 26 of the consolidated financial statements for the details of the acquisition of AUBO Production A/S.

Refer to note 32 of the consolidated financial statements for a list of all companies in the TCM Group.

The carrying amount of the Parent's investments in subsidiaries is tested for impairment if an indication of impairment exists. There has not been identified any indication of impairment.

NOTES TO THE PARENT FINANCIAL STATEMENTS (CONTINUED)

8. CHANGES IN LIABILITIES ATTRIBUTABLE TO THE FINANCING ACTIVITIES

DKK'000	BANK LOANS	TOTAL
Opening balance, 1 January 2022	200,329	200,329
Financing cash flows		
Proceeds from loans	149,625	149,625
Changes in cash pool	(111,626)	(111,626)
	37,999	**37,999**
Closing balance, 31 December 2022	**238,328**	**238,328**
Opening balance, 1 January 2021	160,701	160,701
Financing cash flows		
Changes in cash pool	39,628	39,628
	39,628	**39,628**
Closing balance, 31 December 2021	**200,329**	**200,329**

9. GUARANTEES, CONTINGENT LIABILITIES AND COLLATERAL

The Company has, in respect of the Group's commitment to Nykredit, issued a pledge ban on all assets.

TCM Group A/S is the management company in the Danish joint taxation. Consequently, refering to the Danish Corporation Tax Act regulations, TCM Group A/S is, with effect from the financial year 2016, liable for any income taxes, etc. for the jointly taxed companies, and TCM Group A/S is likewise liable for any obligations to withhold tax at source on interests, royalities and returns for the jointly taxed companies.

10. RELATED PARTIES

For specification of related parties refer to note 30 and 32 of the consolidated financial statements.

Referring to note 5 of the consolidated financial statements: Remuneration to Executive Management and Board of Directors.

Management fee from subsidiaries in the financial year amounts to DKK 10.6 million (DKK 7.3 million).

Intragroup transactions are carried out on arm's length principles.

Aside from this, no transactions with the Executive Management or major shareholders or other related parties have been made during the year.

11. EVENTS AFTER THE BALANCE SHEET DATE

No subsequent events have occurred that materially affect TCM Group's financial position.

NOTES TO THE PARENT FINANCIAL STATEMENTS (CONTINUED)

12. ACCOUNTING POLICIES

These parent financial statements are prepared under the historical cost convention and presented in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

DESCRIPTION OF ACCOUNTING POLICIES APPLIED

Compared with the accounting policies described for the consolidated financial statements (see note 1 to the consolidated financial statements), the accounting policies applied by the Parent are different in the following:

DIVIDEND INCOME

Distribution of profits accumulated by subsidiaries is taken to income in the Parent's income statement in the financial year in which the dividend is received. If an amount is distributed exceeding the subsidiary's comprehensive income for the year, then an impairment test is performed.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are measured at cost in the parent financial statements. If an indication of impairment exists, then an impairment test is performed as described in the accounting policies for the consolidated financial statements. If the carrying amount exceeds the recoverable amount, investments are written down to such lower amount.

13. FINANCIAL RISKS

TRANSLATION EXPOSURE

The Company does not have any subsidiaries in foreign countries, hence there is no translation exposure.

CREDIT RISK

The Company does not have any external activities. No material credit risk have been identified. The Company has recievables from its subsidiaries as result of intercompany financing. No significant risk has been identified on these recievables.

FINANCIAL EXPOSURE

The Group in 2022 entered into a facility agreement with Nykredit Bank comprising a committed facility of DKK 200 million. The agreement initially included a 3-year commitment plus an option to extend the facility with two 1-year options on similar terms, of which the Group in 2023 exercised the first 1-year option. In connection with the acquisition of AUBO Production A/S the facility was increased to by DKK 20 million to DKK 220 million. In addition, the Group in March 2023 entered into a one year un-committed facilty agreement with Nykredit Bank of DKK 100 million. After the balance sheet date the one year un-committed facility has been renewed to March 2025 as a DKK 50 million facility.

In connection with the acquisition of AUBO Production A/S, the Group entered into a 3-year committed facility agreement with Nykredit Bank of DKK 150 million. The facility agreement includes two 1-year extension options on similar terms.

The facility agreements with Nykredit Bank contains a leverage covenant of 5.0 until 30 June 2024 and 4.5 until 31 December 2024. There has been no breach of any covenant during the period.

INTEREST-RATE RISK

It is group policy to fully or partially hedge interest rate risks on loans when it is assessed that the debt is material. The group manages interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings, and by use of interest rate swap contracts.

The interest rates on the Nykredit facilities are currently variable.

For the Company's floating rate cash and cash equivalents and debt to banks, an increase in interest rate level of 1% p.a. relative to the actual interest rates would have a negative impact on the profit for the year and on equity at 31 December 2023 of DKK 2.7 million (DKK 2.0 million).

Assumptions for analysis of interest-rate sensitivity

The stated sensitivities are calculated on the basis of the recognized financial assets and liabilities at 31 December 2023. No adjustments have been made for instalments, raising of loans, etc. during the course of the year.

The computed expected fluctuations are based on the current market situation and expectations for the market developments in the interest rate level

CAPITAL MANAGEMENT

The Board of Directors has adopted a dividend policy with a target payout ratio of 40-60 percent of consolidated net profit for the year

LIQUIDITY RISKS

Liquidity is controlled centrally with the aim of using available liquidity efficiently, at the same time keeping necessary reserves are available. Available liquidity comprised DKK 234 million (DKK 100 million) as of 31 December 2023.

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Management have today considered and adopted the annual report for the financial year 1 January 2023 – 31 December 2023. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial statements give a true and fair view of the Group's and the Parent Company Financial position at 31 December 2023 as well as of the results of their operations and the cash flows for the period 1 January 2023 – 31 December 2023.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

In our opinion, the annual report of TCM Group A/S for the financial year 1 January to 31 December 2023 with the file name tcm-group-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation. We recommend that the Annual Report be adopted at the Annual General Meeting.

Holstebro, 28 February 2024

EXECUTIVE MANAGEMENT

Torben Paulin
Chief Executive Officer

Thomas Hjannung
Chief Financial Officer

BOARD OF DIRECTORS

Sanna Mari Suvanto-Harsaae
Chairman

Anders Tormod Skole-Sørensen
Deputy Chairman

Carsten Bjerg

Søren Mygind Eskildsen

Jan Amtoft

Pernille Wendel Mehl

Erika Hummel

INDEPENDENT AUDITOR'S REPORTS

To the shareholders of TCM Group A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of TCM Group A/S for the financial year 1 January to 31 December 2023, pp. 38-66 and 68-74, comprise income statement and statement of comprehensive income, balance sheet, statement of changes in shareholders' equity, cash flow statement and notes, including material accounting policy information for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of TCM Group A/S on 5 April 2022 for the financial year 2022. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 2 years including the financial year 2023.

INDEPENDENT AUDITOR'S REPORTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2023. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Aubo Production A/S opening balance and PPA adjustments Aubo Production A/S was acquired with accounting effect as at 3 July 2023. When acquiring Aubo Production A/S, TCM Group A/S prepared a purchase price allocation ('PPA') for the acquisition, resulting in assets and liabilities being separately recognised and valued in the opening balance. In order to determine the fair value of the separately identified assets and liabilities in a business combination, the valuation methodologies require input based on assumptions about the future and applied discounted cash flow forecasts, including WACC and growth in revenue. The significant estimates mainly relate to assessing the fair value of acquired customer contract and brand. Further, the purchase price consisted of significant earn-outs where the amount to be paid to the seller depends on future performance of the acquired business. The earn-outs are measured at fair value which inherently is impacted by a high degree of management estimation. We focused on this area because of the significance of the amounts in the PPA and because the PPA and fair value of earn-outs require significant judgements and estimates by Management. Reference is made to note 26 in the Consolidated Financial Statements.	Our audit procedures included assessing the appropriateness of the accounting policies for business combinations applied by Management and assessing compliance with applicable financial reporting standards. We involved our internal specialists in assessing the valuation methodologies and WACC used by management and the valuation of the acquired assets and liabilities. We challenged the significant assumptions used to determine the fair value of the acquired assets and liabilities in the business combination, including the fair value of acquired customer contract and brand. Further, we challenged and discussed with management the estimated fair value of the earn-outs being recognised as part of the total purchase price. Finally, we assessed the adequacy of disclosures relating to the business combination

Key audit matter	*How our audit addressed the key audit matter*
Impairment test of goodwill and brand At 31 December 2023 the Group's intangible assets amount to DKK 672,322 thousand primarily related to goodwill of DKK 411,998 thousand and brand of DKK 178,711 thousand. Impairment tests related to goodwill and brand include significant judgement and estimation by management, including determination of future growth rates for revenue, profit margins and investments in the budget and forecast periods, as well as discount rate and royalty rate. We focused on impairment tests related to goodwill and brand as impairment tests are complex and associated with subjectivity in the determination of significant assumptions and data used. We refer to note 12 in the consolidated financial statements.	We considered the appropriateness of the accounting policies for assessing the recoverability of the carrying amount of goodwill and brand. Our audit procedures included assessment of the applied impairment model with focus on significant assumptions in determination of future cash flows, including growth rates for revenue, profit margins and investments in the budget and forecast periods, as well as discount rate and royalty rate used. We assessed sensitivity analysis performed by management to evaluate the impact of reasonable changes in key assumptions. Further, we evaluated the accuracy in managements' estimates by comparing the budget for 2023 with actual figures. We also assessed the appropriateness of the disclosures related to impairment tests.

Statement on Management's Review

Management is responsible for Management's Review, pp. 4-35 and 79-86.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

INDEPENDENT AUDITOR'S REPORTS (CONTINUED)

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of TCM Group A/S for the financial year 1 January to 31 December 2023 with the filename tcm-group-2023-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes. Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

INDEPENDENT AUDITOR'S REPORTS (CONTINUED)

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of TCM Group A/S for the financial year 1 January to 31 December 2023 with the file name tcm-group-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Aarhus, 28 February 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31

Claus Lindholm Jacobsen	Claus Lyngsø Sørensen
State Authorised Public Accountant	State Authorised Public Accountant
mne23328	mne34539

ESG STATEMENTS

AUBO
Terna

ESG STATEMENTS

We continuously seek to improve our data registration, collection, and reporting of relevant ESG indicators, and provide data that can be measured year after year. The ESG data collection and reporting support our business to direct action plans and it provides transparency for all stakeholders in our sustainability work.

The following contain our ESG key data within the area Environmental – Social and Governance.

ENVIRONMENTAL DATA

GREENHOUSE GAS EMISSION (CO_2E)

It is TCM Group's ambition to achieve net zero direct and indirect emissions from sources owned or controlled by TCM Group (Scope 1 and scope 2).

The development in CO_2 emission in 2023 is driven by two primary factors. The inclusion of AUBO Production A/S to TCM Group and having all electricity consumption covered by renewable energy certificates from wind and solar power.

SCOPE 1

Scope 1 emissions includes a contribution from AUBO but would also have seen an increase in a direct comparison with 2022 driven by increased emission from use of vehicles (5.6 %) and natural gas (3.3 %). The increase of CO_2 emissions from natural gas is because of higher CO_2 emission factor than previous years as a result of a change in underlying mix of gas types. The consumption of natural gas decreased from 2022 to 2023.

In 2023 TCM introduced its first electric cars in the company fleet we expect to reduce the emission from vehicles going forward.

SCOPE 2

Transition to renewable energy has effectively reduced the scope 2 emission from electricity to 0 in 2023. With district heating going up from 4 tCO_2e in 2022 to 16 tCO_2e in 2023 the total scope 2 emission is 16 tCO_2e in 2023. This is a result of conversion from natural gas to district heating.

SCOPE 3

In 2023 TCM Group had the emission reduction target of 42 % reduction by 2030 (from a 2021 baseline) approved by the Science Based Targets initiative. This means going forward we will also start mapping Scope 3 CO_2 emission, and we are planning to present our baseline and targets for scope 3 in 2025.

ACCOUNTING PRACTICES

The CO_2 emission is based on the invoiced energy consumption per source.

The CO_2e factors applied are based on market statistics for Petrol, diesel and LPG gas. CO_2 factors for Natural gas, and district heating are based on environmental declarations from the supplier. Electricity (before 2023) is based on market environmental declarations.

The CO_2 emission is calculated with reference to GRI 305 Emissions.

The tracking of CO_2 emission is aligned with UNGC principles 7,8,9.

	UNIT	2023	2022	2021	2020	2019	REFERENCE REPORT PAGE
CO_2 EMISSIONS							page 22,25
CO_2e, Scope 1 [ton]	**tCO_2e**	**1,215**	**1,032**	**1,299**	**1,435**	**1,427**	
-hereof AUBO	*tCO_2e*	*152*	-	-	-	-	
Vehicles	tCO_2e	237	184	174.5	210	165	
-hereof AUBO	*tCO_2e*	*42.7*	-	-	-	-	
Natural gas	tCO_2e	989	836	1,077.5	1,191	1,207	
-hereof AUBO	*tCO_2e*	*109*	-	-	-	-	
Others	tCO_2e	5	12	47	34	42	
-hereof AUBO	*tCO_2e*		-	-	-	-	
CO_2, total Scope 2	**tCO_2e**	**16**	**892**	**1,041**	**1,703**	**1,728**	
-hereof AUBO	*tCO_2e*	*0*	-	-	-	-	
Electric power	tCO_2e	0	888	1,035	1,698	1,723	
-hereof AUBO	*tCO_2e*	*0*	-	-	-	-	
District heating	tCO_2e	16	4	6	5	5	
-hereof AUBO	*tCO_2e*	*0*	-	-	-	-	
CO_2, total Scope 1+2	**tCO_2e**	**1,231**	**1,924**	**2,340**	**3,138**	**3,155**	
-hereof AUBO	*tCO_2e*	*152*	-	-	-		
CO2e-intensity (revenue)	ratio	1.1	1.7	2.1	3.1	3.1	

ENVIRONMENTAL DATA
ENERGY

In 2023 we decreased our electricity consumption by 11 % this is despite having included AUBO production to TCM Group accounting for the full year of 2023.

Looking at AUBO Production isolated (numbers not shown) the consumption has increased during 2023 as a result of a transition from using natural gas for heating to electric heating pumps. The overall reduction is a result of investments made to improve energy efficiency and continuously actively promoting energy awareness.

The fact that all electricity used during 2023 has been covered by renewable energy certificates from wind and solar power brings the renewable electricity share to 100%.

ACCOUNTING PRACTICES
Energy consumption is based on invoiced consumption.

Renewable energy share (for 2021, 2022) is based on standard energy market mix in Denmark; (Environmental declaration 2021).

In 2023 all electricity purchased is covered by renewable energy certificates.

Electricity consumption is calculated as Electricity consumption [kWh]/ net revenue [kDKK]

	UNIT	2023	2022	2021	REFERENCE REPORT PAGE
ENERGY					page 25
Energy consumption	MWh	6,483.4	7,294.3	8,4908	
Renewable electricity	%	100	82	82	
Electricity consumption/revenue	Ratio	5.8	6.4	7.7	

ENVIRONMENTAL DATA
RESOURCES

WASTE
TCM Group continuously seek to increase productivity, reduce waste throughout the production processes, as well as working with waste management and with suppliers to reduce waste and improve waste handling. During 2023 we have continued our efforts of sorting waste to retain the highest possible value of the materials.

Even with the inclusion of AUBOs waste volumes in the 2023 numbers we have made a reduction in the total volume of waste. While this is most likely affected by a decrease in activity, the distribution of volumes between disposal methods relies entirely on sorting and increase of the part that goes to recycling is a good step towards our target of 99.7 % in 2025.

WATER
Our water consumption is primarily used for sanitation and heating purposes, and we expect this to be relatively stable. In 2023, water consumption increased by 16 per cent compared to last year. The increase of water is a result of increasing our building mass as well as including AUBO Production the numbers.

ACCOUNTING PRACTICES
Waste volumes and their disposal method is weighed and reported by waste and sorting handling companies

Reference standard: GRI 306-5 Waste

Water consumption cover all water purchased from external suppliers and is based on the invoiced volume.

	UNIT	2023	2022	2021	REFERENCE REPORT PAGE
RESOURCES					page 25
Water consumption	m3	6,880.97	5,899.86	-	
Waste	Ton	4,165.37	4,409.98	6,184.4	
Recycling	%	94.2	90.3	92.1	
Energy recovery	%	4.1	9.6	7.3	
Landfill	%	0.0	0.0	0.0	
Hazardous waste	%	1.0	0.1	0.6	

SOCIAL DATA
DIVERSITY

At TCM Group we are convinced that a diverse and inclusive work environment will benefit society. Our approach is defined in our diversity and inclusion policy.

The current composition reflects the traditional gender distribution within manufacturing companies, where there is a predominance of male foremen in production, and at the administrative level, a slight predominance of female employees.

The development in 2023 has been very much affected by the inclusion of AUBO Production to TCM Group. With a reduction in employees as a result of capacity adjustments and the addition of AUBO Production the total number of employees is slightly higher than 2022.

The inclusion of AUBO Production has also introduced a considerable increase in the number of flex jobs as well as trainees or similar positions. This reflects the long-term commitment to diversity at AUBO.

Gender diversity overall has decreased a little, while gender diversity at other management levels has gone up.

At TCM Group it is our policy that equal jobs are rewarded with equal pay. Any difference in pay is solely based on qualifications and experience.

ACCOUNTING PRACTICES

FTE and the shares of respectively blue- and white-collar workers are calculated excluding temporary and short-term employments.

The number of employees who are respectively on flex job contracts or similar and trainee contracts are counted at the end of the year.

Gender diversity Executive management is defined as CEO and CFO as they have direct reporting line to the board of directors.

Gender diversity Seond management level is management in direct reporting to the executive management. Gender diversity other management levels is the complete management group at TCM incl executive mgmt and second management level

The gender diversity is measured with reference to GRI 404 Diversity and Equal Opportunity and includes all TCM Group employees.
Gender diversity measured for other management levels includes executive mgmt. and mgmt. group.

The pay gap between gender is measured white collar employees minus executive management.

Our work with diversity aligns with UNGC principles 3,4,5 and 6.

	UNIT	2023	2022	2021	2020	2019	REFERENCE REPORT PAGE
DIVERSITY							page 23-24
Full-time employees, end of the period	#FTE	415	482	504	483	489	
Blue collar workers	%	70%	77%	-	-	-	
White collar workers	%	30%	23%	-	-	-	
Flex jobs etc.	#	21	5	-	-	-	
Trainees, interns, apprentices	#	12	6	13	16	17	
Gender diversity overall	%	34%	36%	32%	-	-	
Gender diversity, 1st level management as per §99b	%	0 % (0 of 2)	-	-	-	-	
Gender diversity, 2nd level management as per §99b	%	44% (4 of 9)	-	-	-	-	
Gender diversity, other management levels including 1st and 2nd level	%	31% (5 of 16)	28% (4 of 14)	21% (3 of 14)	26% (4 of 15)	20% (2 of 10)	
Pay gap between genders, white collar	Ratio m/f	1.28	1.18	-	-	-	

SOCIAL DATA
OCCUPATIONAL HEALTH & SAFETY

Safety in the workplace continues to be the number one priority at the production sites.

Despite increased efforts in 2023 we had a total of 22 accidents. 12 of these accidents resulted in 57 days of absence. Even though the number of work-related accidents has increased in 2023, the number of sickdays related to accidents is significantly lower than previous year.

Accidents are primarily related to behavior, where employees in their eager to do a good job disregarded safety procedures.

At TCM Group we use near-miss work accidents reports to ensure a continued awareness of incidents that could result in an accident and as a mean to take preventive actions. The number of near-miss reports increased considerably in 2023 and we use this as an indication to the fact that our efforts have an effect.
Safety will continue to be on top of the agenda in 2024.

TCM Group measure employee engagement score regulary, last time in year 2021. The next engagement review is scheduled for primo 2024.

ACCOUNTING PRACTICES

Sickness related absence does not include absence due to sick children and maternity leave.

Sickdays caused by work accidents includes all days (24 hours) where an employee has been absent in relation to work accidents. The absence ratio is the number of absent working hours divided by the total number of working hours. Lost frequency measures the number of work incidents with absence divided by million working hours.

Number of near-miss work accidents registered during the financial year.

Engagement score is based on a 5-point scale

% of employees that participated in the engagement survey (performed every second year)

Our work with occupational health & safety aligns with UNGC principles 3,4,5 and 6.

	UNIT	2023	2022	2021	REFERENCE REPORT PAGE
OCCUPATIONAL HEALTH AND SAFETY					page 23-24
Absence ratio related to sickness in 2023	%	3.21	4.38	3.3	
Sickdays caused by work accidents	#	57	937	896	
Lost frequency		11.5	-	-	
Absence ratio related to work accidents	%	0.09	0.1	0.006	
Near-miss work accident registrations	#	1,232	937	896	
Employee engagement score	(5-point scale)	-	-	4.2	
Engagement survey participation	%	-	-	92	

GOVERNANCE DATA
COMPOSITION OF BOARD OF DIRECTORS

In the diversity policy issued in 2022 we set a target for gender distribution and the status (independent/not independent) of board members.

In 2023 we reached the target of equal gender distribution, with 3 of the boards 7 members being female, we reach 43% representation of the underrepresented gender.

6 of the 7 members are independent, this is well within the declared target.

There have been 15 board meetings which is 3 more than in 2022, the attendance rate was 98%.

HOW WE DID

The number of the members of the board is counted at publication date.

The number of board meetings only include actual meetings, not other seminars, or committees.

Attendance rate is calculated as board meetings attended relative to board meetings held.
The gender diversity is presented as women of total members.

And independent board members show the percentage of the total board.

	UNIT	2023	2022	2021	2020	2019	REFERENCE REPORT PAGE
COMPOSITION OF THE BOARD OF DIRECTORS							page 31-33
Members of the board of directors	#	7	6	5	5	5	
Board meetings	#	15	12	11	8	8	
Board meeting attendance	%	98%	100%	100%	98%	98%	
Gender diversity, board of directors	# %	3 of 7 43 %	1 of 6 17%	1 of 5 20%	1 of 5 20%	1 of 5 20%	
Percentage of independent board members	%	86%	100%	100%	100%	100%	

GOVERNANCE DATA
RISK & REGULATION

In TCM Group we have a zero-tolerance approach to corruption and bribery. Thus, our policy is to comply with all applicable regulations and to promote anti-corruption behavior in all our business relations. Our Code of Conduct lay out our zero-tolerance approach to corruption for employees, suppliers, franchisees, and dealers.

With the acquisition of AUBO Production a number suppliers who had not previously been subject to the TCM Group Code of Conduct were added. It is the axpectation that all suppliers will be covered in 2024.

WHISTLEBLOWER SYSTEM

TCM Group whistleblower system is available for internal and external reporting of any witnessed activities or reasonable suspicion of serious and reprehensible conditions or illegalities to the group. All internal and external stakeholders can access the whistleblower system through an externally hosted website. The system is anonymous, and all communication is encrypted, which means that TCM Group is not able to trace any specific whistleblower report back to the reporting individual. TCM Group has a non-retaliation policy regarding any concerns reported.

No whistleblower cases were reported in 2023.

ACCOUNTING PRACTICES

Whistleblower reports and cases resolved relates to the number of whistleblower reports to TCM falling within the correct use of the whistleblower scheme.

The work with Code of Conduct and the whistleblower scheme relates to UNGC principle 10 – Anti-corruption.

	UNIT	2023	2022	2021	REFERENCE REPORT PAGE
RISK AND REGULATION					page 31
Suppliers covered by Code of Conduct, signed	%	82	100	100	
Whistleblower reports	#	0	0	0	
Whistleblower cases resolved	%	100%	100%	100%	

GOVERNANCE DATA

REMUNERATION

TCM Group remuneration policy is available at Tcmgroup.dk home page. The objective of the policy is to attract, motivate and retain qualified members of the Board of Directors and the Executive Management, ensure alignment between the interests of the Board of Directors and Executive Management with the interests of shareholders, and to contribute to the Company's business strategy, long-term interests, and sustainability.

Its TCMs policy that remuneration of the Board of Directors and Executive Management shall be competitive and comparable to remuneration in other Danish and international companies which are comparable to the TCM Group.

The remuneration package for members of the Executive Management may consist of fixed annual base salary, pension, a short-term cash bonus, a long-term incentive scheme (cash or share based), and other benefits in the form of usual non-monetary benefits and reimbursement of expenses. Each element of the remuneration has been weighted to ensure a continuous positive development of the TCM Group both in the short and long-term and the relative proportion between the elements are described below in relation to each element.

ACCOUNTING PRACTICES

Shares held by the board of directors and by executive management is based on reported data.

The CEO total compensation relative to average FTE total compensation is based on the average salary of an employee of TCM (excluding members of the executive management)

	UNIT	2023	2022	2021	REFERENCE REPORT PAGE
REMUNERATION					**page 32-33**
Shares held by members of the board of directors		46,456	40,625	38,125	
Shares held by the executive management		61,302	91,602	49,902	
CEO total compensation relative to FTE average total compensation		8.8	8.4	8.8	